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# SOCIAL ECONOMIST

GEORGE GUNTON, EDITOR.

Vol. VI

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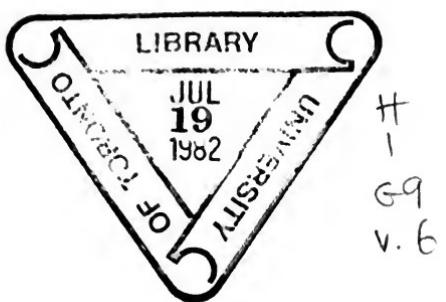
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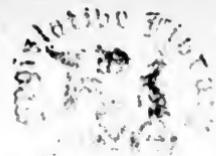
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# SOCIAL ECONOMIST

JANUARY, 1894

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## The New Tariff Bill.

That the present appalling condition of the country, with factories stopping, mines and furnaces closing, and laborers starving, is due mainly to political and not to economic causes, is becoming clearer with every week's experience. No respectable publicist now pretends that the present industrial paralysis is the result of abnormal industrial movements in any direction. Leading commercial papers like the *Journal of Commerce*, *Bradstreet's*, and even such extreme partisan journals as the *Evening Post*, now admit that prior to this disturbance "business was in an exceptionally sound condition and unusually free from inflation," and that "there had been no over-production of goods, and that trade was not dull because people had not the means to buy."

For nearly a year administration journals, and the professional classes generally, have strenuously insisted that the business depression was all due to silver legislation, and for a considerable time the people were apparently willing to accept that interpretation. To use the language of the *Evening Post*, they declared that "*with the repeal of the silver purchase law, we may look for an immediate revival of business activity in all directions.*" The law was repealed, but none of the prophecies based upon this assumption have been fulfilled. Instead of a revival of business, we have had a steady increase in business depression. Every day adds to the unprecedented list of closed factories and idle laborers. Not a vestige of reason

remains for attributing the national business prostration to aught but the proposed new tariff legislation.

A radical disturbance of business, involving bankruptcy and enforced idleness throughout the country, can only be justified by the certainty of the beneficial results to ensue. The price we are paying is colossal, and to furnish any proximate justification for this, the benefits of the new scheme must be sure, quick, general, and permanent. Unless this can be guaranteed, those who are forcing the measure upon the community are responsible for the nation's calamity.

Now, what are the benefits to be expected from this new tariff bill? Will it introduce any new or important principle into our fiscal policy? Will it lessen the burden of taxation? Will it secure greater honesty and simplicity in the collection of public revenue? Will it promote the industrial development of the country? Will it increase wages, or raise the standard of living among the masses? If it will do none of these, its mere introduction is not only a blunder, it is a crime against the Republic.

(1) From the point of view of general principles, the new bill is a complete failure. It is consistently neither a protective measure nor a revenue measure. It continues discriminating duties on imports, but fails to give protection to home industries. It levies duties on non-competing products, but fails to furnish adequate revenue for the government. The only semblance of principle in the bill appears in the subordination of industrial interests to political ends.

(2) It cannot possibly lessen the burden of taxation, since there is already a deficiency of seventy millions in the national revenues. Any reduction of taxes it makes on imports will involve an increased tax upon domestic products, and to the extent that it reduces the duties now paid by foreigners, it must increase those paid by Americans. Besides increasing the general burden nearly a hundred millions in order to cover the existing deficit, it

will by its free list transfer to American consumers nearly a hundred millions of duties that have heretofore been paid by foreign producers. Thus, instead of lessening the burden of taxation, it will greatly increase it.

(3) Nor will it tend to secure greater honesty and simplicity in the collection of taxes. On the contrary, all the changes of method it introduces are in the opposite direction. In substituting ad valorem for specific duties, it increases the most fraud-producing element in all tariff taxation. It has always been a criticism on the custom house system of revenue collection, that it furnishes great inducements to fraud and corruption in public service, by making misrepresentation profitable. Now, there is no feature of the tariff system which affords such great inducements to fraud and corruption and general business dishonesty as the ad valorem method which makes the amount of the duty upon imports depend upon the invoice value of the goods. Importers have a direct interest in misrepresenting the value of articles, which they systematically do by the introduction of fraudulent invoices. A certain firm recently imported a shipment of piano felt, the invoiced price of which was only about one-half the market value in the country whence it came. When the importer was offered forty per cent above the invoiced price, he declined to sell. Thus by brazen fraud both the protective and revenue purposes of the law were defeated, and dishonesty made profitable. Any system of taxation which makes dishonesty profitable must necessarily destroy business integrity and undermine public morality. Whatever may be the disadvantage of specific duties, they are collectible and tend to minimize the inducements to fraud, as nothing can be gained by misrepresentation. Moreover, it is proposed to meet the deficiency now existing, by the introduction of an income tax. Next to ad valorem duties on imports, an income tax is perhaps the most odious method of collecting public revenue. It is obnoxiously inquisitorial, and, like ad valorem duties, puts a premium on

deception. It pries into the private affairs of citizens, and increases their tax in proportion to the accuracy of their statements. It taxes honest citizens for their integrity, and rewards the unscrupulous for their dishonesty. Thus it tends to destroy morality, debauch business, and degrade the public service.

(4) Since the object of the bill is to increase the revenue by larger importations, it cannot promote the industrial development of the country. It is too obvious to need arguing that unless there is a definite increase in the aggregate consumption, increased importation must be accompanied by decreased home production. Now, there is nothing whatever in this bill that can even remotely increase domestic consumption. Displacement of domestic manufactures in our home market by foreign necessarily means the suspension to that extent of home industries and the discharge of home laborers, all of which in turn means the reduction of home consumption. Of the truth of this every manufacturing town in the country is an appalling illustration. Instead, therefore, of developing our national industries, its effect will be to destroy many of them by the process of displacing home by foreign products.

Since the displacement will be chiefly in manufactures, employment will necessarily be forced in the direction of agriculture and other crude industries. With this change in the character of our industries, there must come a scaling down in the standard of living among the masses, and consequently in their wages, which the standard determines, and this means a setback in our national development. From time immemorial social advance has accompanied the development of manufacture and commerce. In proportion as simple industries predominate over complex industries, a low state of civilization prevails, and *vice versa*. Witness Asia, Russia, and South America as compared with England and the United States. It was to compel us to remain an agricultural people that England tried to suppress manufactures in the colonies. She suc-

ceeded in suppressing them in Ireland, and the world knows with what result.

A feature of the bill on which the President and its other prominent advocates lay great stress is the provision for free raw material. The special claim put forth on this point is, that the removal of duty from raw material will sufficiently reduce the cost of production to enable American producers to compete with foreigners abroad. Now, if this were true, importations could not increase under the new bill, since whatever would enable our manufacturers to compete with foreigners abroad would enable them to undersell them at home. Beside, in that case the lower duties would diminish the revenue instead of increasing it as, Messrs. Cleveland and Wilson claim. But granting that by some unknown process foreigners are enabled to undersell Americans in America, and Americans are able to undersell foreigners abroad, wherein does the gain to this country lie? It would simply be exchanging a foreign market for a home market, and since our home market is the best market in the world, we should be changing a better market for a worse, and the maximum cost of transportation be added to our products for other countries and also to foreign products for this country.

This whole free-raw-material argument is really delusive. It rests upon the assumption, first, that the price of raw materials to manufacturers is increased by the full amount of the duty, and second, that the increased price of raw materials handicaps our manufacturers and keeps them out of foreign markets where they could easily compete if the duty were removed. Now, neither of these assumptions is correct. The price of imported raw materials is almost never increased by the full amount of the duty. Only in a few cases like raw silk and tin, where we have no domestic production at all, is the full amount of the duty added to the price. In almost everything else only a fraction and often a very small fraction of the duty is so added.<sup>1</sup>

<sup>1</sup> For further statement of this see Incidence of Tariff Taxation, p. 343, December issue.

In the case of wool, for instance, about which so much is being said, probably not more than from one-fifth to one-third of the duty is added to the price.

The assumption that even this small addition to the price acts as a handicap on American manufacturers is also erroneous. As every congressman and journalist knows, the McKinley bill expressly provided that ninety-nine per cent of the duty on raw materials used in manufacture for export should be refunded. Now, if the whole duty were added to the price, the actual tax on the raw material used in products made for export would only be one per cent, not one per cent of the price of the raw material, but one per cent of the duty, which would seldom exceed one-half of one per cent on the price of the imported article. With the exception of two or three articles, this would constitute only about one-tenth of one per cent of the value of the finished product.

But in view of the fact that only about one-third duty is added to the price, this rebate of ninety-nine per cent of the duty actually enables manufacturers to get more in drawbacks than they actually pay in duty, and thus obtain the products at less price than if no duty at all were levied, less to the full extent that the foreign producer pays the duty. The assumption, therefore, that American manufacturers are prevented from exporting by the duty on raw materials is a pure delusion. Whether this delusion is consciously or unconsciously propagated, the fact remains that it serves only to lead the public into a misconception of the facts and their true bearing upon industrial prosperity.

Judged from the point of view of its economic influence upon society, the new tariff bill has not a single leg to stand upon. It conforms to no accepted or projected economic principle. As we have seen, its influence will be to increase taxation, encourage dishonesty in business and the public service, check industrial development, depress wages, and lower the standard of living among the

people. Moreover, the conviction that these will be the consequences of the bill is daily gaining acceptance everywhere outside of administration circles.

The persistence with which the administration is forcing this measure upon the community has no parallel in the history of representative government. In no other country in the world would the prostration of the national industries, starvation of the laborers, and the continuous petitions of the people be so contemptuously treated as are the sufferings and pleadings of the American people to-day. The hardship already inflicted upon the country by the anticipation of this bill is incalculable, not only in actual loss and suffering, but in the damage to future business.

Even if it can be defeated now, it will take several months to set the industrial machinery again in regular operation. But if it should become a law, it would mean several years of disaster, during which our industries would have to undergo a radical deorganization, permanently closing many industries with great loss of invested capital, and forcing laborers into new and mainly lower employments under the pressure of enforced idleness. This will necessarily bring in its train strikes and violent social disturbances. Under this stress the power of labor unions will in all probability be broken. With the leadership and restraint of organization destroyed, socialism and disorder may be expected to do its worst and make militarism necessary. Thus the labor movement, the real social force by which wage receivers secure improvements in their industrial and social condition, will probably be set back more than a generation.

There has not been a question before the American people during the last quarter of a century in which the wage-workers had such a direct and deep interest as in the defeat of this bill. The disruption of industries and the consequent collapse of labor organizations is more important to wage-earners than any mere change of prices that

could possibly result from this measure, even if it would accomplish twice as much in that direction as its most ardent advocates pretend. Every labor organization throughout the country should use its entire influence through monster meetings, petitions, municipal governments, state legislatures, congressmen, philanthropic organizations and every other social avenue, to bombard Congress with public sentiment so fierce and unrelenting that it will not dare to make the Wilson bill a law.

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### Sound Doctrine on Cost of Production.

Mrs. Browning in one of her poems portrays a Venetian mother mourning the loss of a son who fell bravely fighting that Italy might be free. The woman grieves because the path to this freedom of Italy "ends in a dead wall."

In like manner a heroic instance of martyrdom to science occurs in the three ponderous volumes prepared by our National Bureau of Labor on cost of production. It endeavored to solve the question of the relative cost of production, wages of labor, cost of living, and producers' profits, in Europe and America, in the leading industries affected by tariff duties. The entire work has been done as admirably and as nobly as the young Venetian hero fought. But as that poor boy's body slept under the parapet, with Italy's cause still barren, to the bereaved mother, so we find the very nugget of the problem, to solve which the Commissioner of Labor and his able force of assistants toiled, "cyphered," and published, recognized as "insoluble" at the outset of their report. On page 75 of the report for 1890 are the following words, than which Thucydides never stated, in briefer phrase, a truth more clear, nor Newton one more important.

The Commissioner says:

The question of the entire cost for labor in a ton<sup>o</sup> of iron, beginning with the raw materials as they lie in the earth, is one which has recently been

much considered. This of course is something quite different from what is commonly meant by the labor cost of a ton, which refers simply to the labor of the blast furnace, in converting into iron, the limestone ore and coke or coal, each of which may be considered as already a manufactured product having a labor cost of its own. To what extent it may be useful to trace the cost of a product back, through the successive manufactured products made use of, until finally the original elements in the earth, in the air, or in the waters of the earth are laid hold of, is somewhat doubtful. If an ultimate analysis of such cost were possible, the result of course would show the whole chargeable to labor, and the painful toil of the analysis might have been foregone by accepting this positive conclusion at the beginning.

In short, the Commissioner of Labor tells Congress that all the several costs of production, in every commodity, are labor costs; that there is absolutely no other source of cost in any commodity than labor cost, and that so far as these costs find current expression, as all of them do, in the market price of each raw material at the point of use, and of each day's labor at its place of expenditure, and of every finished product at its point of consumption, market price or money value includes at all times no other ingredient than labor cost measured at the point of dearest continuous production.

Rent, profits and interest are all within the line of the savings that can be made by the more economical, by the hire of land and of capital, and by enterprise, out of the sales of the product at the price fixed by the cost of dearest continuous production. Hence neither rent, profits nor interest can ever form any addition to price.

Hence, in adjusting a rate of domestic duty on a foreign competing product, so as to meet the difference in labor cost, and no more, it is only necessary to look at the relative price of the commodity in Europe and here; then lay a duty which, if the object be protection, will always exceed this difference in price, and which, if the object is revenue, will never exceed it.

The Commissioner of Labor virtually tells Congress, and with perfect truth, that the entire inquiry which it instructs him to make is useless. It is like appointing a commission of surgeons to ascertain the relative average dimensions of the bodies of Europeans as compared with

Americans by laboriously dissecting as many European and American corpses as possible, carefully weighing and measuring the several parts of each, as bones, blood, viscera, muscles, nerves, hair, etc., and so arriving at their total relative weight by adding all these component weights together and dividing by the number of persons examined. It is a good deal truer, and saves time, to weigh each man alive, without dissection.

So it is much truer to adjust the duties with an eye single to the condition of competing prices here and abroad, without attempting any dissection of price to get at labor cost.

All the price is always labor cost.

Any difference of price, in Europe and here, is always a difference of labor cost.

The SOCIAL ECONOMIST congratulates the Commissioner of Labor upon his economic sagacity and official candor. He adopts, and nationalizes, one of the cardinal doctrines which had, until recently, been taught only in the School of Social Economics, and by the SOCIAL ECONOMIST.

His conclusion simply indicates that Congress saddled the Department of Labor with an unscientific schedule of instructions. It should have instructed the department to collect and publish simply the relative prices on competing commodities of every kind, including prices of transportation to their point of necessary consumption, which in many, if not in all cases, must be added to arrive at consumer's price, and deducted to obtain producer's price. In a few cases the Commissioner has incidentally given us these prices. So far as he has done so, his work obtains a value greater than his instructions called for.

It is sincerely to be regretted that the instructions given to a bureau so skillful and laborious as that of the Commissioner of Labor should ever be inspired by defective economic teaching. But when this occurs the country has reason to thank the Commissioner for his candor, and Congress may well approve his courtesy, and scientific accuracy, in pointing out the true quality of the defect.

## The Problem of the Unemployed.

A new generation of observers has arisen since such a spectacle as now presents itself has been seen. For more than twenty years our country has been exceedingly prosperous. Each year has seen an increasing number of workmen regularly and constantly employed. The year 1892 was better than any of its predecessors. But now we are in the midst of conditions which are entirely different. Apparently reliable statistics have been published in various papers which show the large number of factories closed, the great number of unemployed, and the terrible condition of affairs in which our country suddenly finds itself.

In New York City it seems a conservative statement that 80,000 unemployed can be found. The estimates range from that to twice as many. From Chicago come very accurate data of 41 trades showing 124,400 unemployed. Cincinnati reports 15,000 idle in 24 trades. Philadelphia has 90,000 out of work, over 50,000 of whom are already dependent upon charity for sustenance. In Boston, 33 trades report nearly 10,000 unemployed. In Amsterdam, N. Y., a manufacturing city, every industry is closed, and the entire population is in a condition closely approaching beggary. From every city, large or small, from every village, come reports of the same nature, the only difference being in numbers, which depend of course upon the character of the place. For a short time many of these people can support themselves on what they have saved in the past years. But before long it will be a problem where they shall turn to get the necessities of life. Already the labor unions are being called upon to support their members. This they can do for a short period only. When the number of unemployed was exceedingly small in comparison to those at work, it was a simple matter to

keep the treasury supplied. But now the conditions are reversed; the unemployed in some industries are already as much as sixty per cent of total usually employed. Those remaining at work are, in many cases, receiving lower wages, and cannot long stand the drain incurred by supporting their idle brethren.

Active relief measures have already been commenced in many cities. The regular charitable organizations are inadequate to meet the demand. The churches are quietly, but nevertheless actively and intelligently, considering new ways of affording aid to the starving and suffering. In Boston a largely signed petition has been sent to landlords asking them to remit the collection of rents from the unemployed. Whether they will acquiesce in the plan or not, it is not at all probable that the community will quietly see those unable to pay rent through no fault of their own put upon the streets. In Danbury, Conn., where the situation is aggravated by a strike, the hat makers, who compose a majority of the citizens, in a specially called town meeting voted \$50,000 for the relief of the unemployed. In other places steps of a similar kind will have to be taken to relieve the situation.

But what seems only to be a premise of what is yet to come. From all appearances, we are now only in the midst of the trouble. The political interference with economic laws and economic conditions has produced a state of disruption; has brought about such an upheaval that there is no knowing what the end will be.

Even if all doubt as to the intentions of the party in power were removed, and we were assured a continuance of our present tariff policy, affairs could not at once resume the conditions of two years ago. The loss of capital during this depression is no small matter. Working-men are not the only sufferers at this time. Capitalists with their money invested in silent workshops are not receiving incomes. True they may not suffer physically at once, because it is more than likely that they have some

resources upon which they can draw to supply their immediate needs. They will not starve, therefore. Still there is such a thing as being poor when one apparently has large sources of revenue. We hear many times of people who are "land-poor," and it is not at all beyond the possibilities that ere long we shall hear of those who are "factory-poor," meaning by this, those who have their all, be it large or small, invested in non-dividend-paying properties. Such properties cannot be sold at any price, for no one wants them under such circumstances. *Bradstreet's* says, "Concessions on wool prices would not induce manufacturers to buy for future wants, in view of the unsettled position of trade."

The same is true of railroads. With 126 roads reporting a decrease in gross revenue during the month of November of over three million dollars, while 122 roads report a decrease in the past eleven months of \$7,467,337, it is not at all likely that many will be found who are anxious, even if able, to invest in the stocks of these corporations. It is no wonder that the managers of these roads are calling upon employees to use the utmost economy in operation. If this decrease in traffic continues for any length of time, not only will a large number of employees be discharged, but some more determined efforts will have to be made in retrenchment. The roads can only be operated at present rates with the continuation of a large traffic. If the traffic is less, the rates must be increased in order to meet the necessary expenses. In the past twenty-eight years, with a constantly increasing traffic, the average rate per ton per mile on the Chicago, Milwaukee and St. Paul Railway has declined from 4.11 cents to 1.026 cents. A continuation of present conditions will force a reversal of this. With a decreasing traffic, rates will have to be advanced.

And that means increased cost of food products, which will only tend to still further aggravate the situation, and the country, known a year ago as the most pros-

perous in the entire world, with the same means of production, with abundant crops of every description, will be transformed into a condition not far separated from a famine. Then indeed will the distress be terrible.

It is unfortunate that our great newspapers, which are so largely influential in disseminating observations, should see in all this little more than partisan advantage or disadvantage. Were the consequences merely political, the situation might be regarded with less apprehension. But no, this is not all. Such a serious interference with economic conditions brings results from which the country at large will not and can not immediately rally. The standard of living of the masses will be lowered, consequently the market restricted, and the incentive to large aggregate production and low cost will be diminished. Industries will not therefore resume upon the same immense scale upon which they have been conducted during the past few years. The high standard of living of our people has been the source and cause of our prosperity as a nation. To lose that is to suffer a serious and perhaps irretrievable setback in national development and civilization.

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### Economics of The Railway Question.

What is the railway question? The socialist says it is whether the government is to presently control and speedily own the railways. The populists, grangers, and farmers' alliance say it is whether the railways are to control despotically the welfare of individuals, the relative growth of towns, and the prosperity of States. The railway investor and manager say it is whether the farmers and shippers, who have not a dollar invested in railways, are to control the gross receipts and possibilities of net returns on a private capital of seven thousand millions of dollars, which is seven-tenths as large a capital as the whole value of all the farms in the country. The constitutional lawyer thinks

the true railway question may prove to be, whether the same socialistic demand now made that government run the railways "as it runs the post-office" may not as soundly and wisely be made in behalf of a government control of farming, shipping, and merchandising.

Five works, all relating to the economics of railways, lie upon our table at once for review; presumptively the people must be thinking vigorously of the railway question.

One represents the investor, and declares (p. 47) that the predictions of speedy disaster to the business interests of the country made by Chauncey M. Depew, of the New York Central; Senator Stanford, of the Southern Pacific; Mr. Newman, of the Union Pacific; Mr. Clark, of the Illinois Central, and Mr. H. V. Poor, on the passage of the Inter-state Commerce law, only failed of being fulfilled because that law was never enforced. Mr. Van Oss regards competition as the *bête noir* of the railway system, consolidation as indispensable, and the best rate as "what the freight will bear," which means of course what the railway managers think it will bear. He believes the era of the "railroad rascal" and of railway "deals and steals" is past. His only "grievances" are those which affect injuriously the investors, viz., ticket-scalping and the cutting of freight rates. His only theory is that the railways will be well administered in the degree that they are let alone by the government. Yet he would not disturb the Inter-state Commerce law as it stands.

Governor Larrabee of Iowa<sup>1</sup> means to champion the farmers and shippers who reside in Iowa, and have votes which can be focalized on himself and his class, against the stockholders and investors in railways, who, he assumes, reside outside of Iowa and in whose votes there-

<sup>1</sup> American Railroads as Investments, a handbook for Investors in American railroad securities, by S. F. Van Oss, with five colored maps showing the railroad systems of the United States. G. P. Putnam's Sons. 815 pp. octavo.

<sup>2</sup> The Railroad Question, a historical and practical treatise on railroads and remedies for their abuses, by William Larrabee, late Governor of Iowa. Chicago. The Shulte Publishing Company, 1893. 488 pp., 10 m.

fore he as a politician has no stake. His book is a brief on the populist or granger side, which assumes that the farmer is the aggrieved party always. There is a pretense of searching back into antiquity, tracing highways to Hindostan and the steam engine to Hero of Alexandria. Such rare learning, if accompanied by the authorities on whose word its accuracy depends, might become itself authoritative.

Governor Larrabee's rules for the determination of railway questions do not, however, emanate from exterior observation or antique research, but from his inner consciousness. He perceives (p. 102) that "transportation companies will always use their power to oppress the public by exacting excessive charges for their services," and will "discriminate against the many by extending special privileges to the few." If this be so, what need of history?

He does not perceive that legislatures made up entirely of farmers and shippers, and containing no stockholders in or managers of railways, will always use their legislative power to force the railways to take such tolls as will make farming more profitable and railways less profitable.

The assumption that railway managers sacrifice all ultimate interests to immediate returns, and slaughter their customers to enrich themselves, and that farmers and shippers are actuated by broader and more intelligent motives, is the key to all of Governor Larrabee's conclusions.

In fact, legislatures, courts, lawyers, and politicians have as often been wrong as the railway men when the two have come into collision.

When the Supreme Court of Connecticut held that the New York and New Haven Railroad could not lawfully consolidate, first its freight business, and then its corporate existence, with the New Haven and Hartford Railroad, and this in turn with the Hartford and Springfield road, what would have become of the railway business of the country if the railways had submitted to

such law as final? It would now have been thirty years behind the country's needs. There would now have been between Albany and Buffalo ten independent lines of continuous railway. Each would dump its freight and passengers at its own terminus. In method and system we would not have advanced beyond the antecedent stage-coach lines on which in 1818 one passenger rode from Boston to Pittsburgh, three-fourths of the way with no companion but the driver and the mail.

What would have become of the grain and farming interests of the country if the first decisions rendered by the Supreme Courts of Ohio, Illinois, Vermont and other States had been allowed to bind the grain trade? They held that the grain warehouse man who mixed the grain of different owners, and issued grain certificates calling for a definite quantity of grain by classified grades, was not a bailee at all, but a thief, personally responsible to the shipper for the value of the whole, as for stolen grain. As late as 1863-4 this question had to be fought out in Chicago between the champions of the shippers on the one side and the railroads, warehouse men, and boards of trade on the other. A brand new set of statutes had to be passed to restore to American law the old Roman contract of *mutuum*, or bailment with power to blend, which English and American lawyers deemed impossible.

The railway question has already passed through three stages in each of which the "champions of the people" have confessed ultimately their need of the constitutional straight-jacket to keep them from social lunacy, and often even of the leading-strings of capital to gently guide them forward in the line of their true interests.

In 1835 to 1845 the legislatures provided in Illinois and elsewhere, by comprehensive but visionary charters, for a system of "State railways." Nobody could afford to build them, and if built they would have bankrupted their States. Every route began and ended without a sound foresight of railway possibilities.

Next there was an inspired "football rush" of the farmers, shippers and "people's champions," in the fifties, to vote State aid, county aid, city aid, and town aid toward the building of new railways. These rash votes ended in constitutional enactments forbidding legislatures, county boards, city councils, etc., from voting these same aids, and often in judicial decisions invalidating them. The politicians who advised the aids and the politicians who forbade them were simply Philip drunk corrected by Philip sober. Finally there was a movement of the State legislatures, in 1866 to 1875, to fix rates of freight and fare on all railroads, without State commissions and without regard to State or inter-State lines. In all these abandoned crusades of railway reformers, it has in due time been discovered that the reformers supplied in part the impulse to make the railways better with very little of the knowledge how it ought to be done. The railways themselves supplied almost wholly the information, skill, and *savoir faire*, and no small part of the good intent.

The work of Mr. Stickney,<sup>1</sup> of St. Paul, presents an idea that may have value. It is worth the notice of governments which have to legislate concerning rates of freight and fare, or to appoint commissions to influence these rates. It may also deserve the attention of courts and juries who have to decide what is and what is not a "reasonable rate."

Mr. Stickney is a railway lawyer and manager; also, with the versatility which characterizes the wild and boundless west, he is a farmer, manufacturer, banker, and now of course an author and political economist. He has about half his means in railways, and the other half in pursuits which make him a shipper over railways.

Mr. Stickney's plan for adjusting rates is as simple and logical as that of the Czar of Russia in directing a railway between Moscow and St. Petersburg. It can be expressed

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<sup>1</sup> The Railway Problem, with many illustrative diagrams, by A. B. Stickney. St. Paul, Minn. D. D. Merrill Company, 1891. 249 pp., 10 mo.

on any static chart in which the upright lines should express miles of transport and the horizontal lines shall express mills per ton for carrying. By as many diagonal lines as there are commodities requiring distinct rates, but each line as straight as that by which the Czar outlined his railway, Mr. Stickney determines a rate for each commodity. This plan is as comprehensive and simple as a horizontal tariff—on paper.

Mr. Stickney says: "This schedule is uniformly systematic. A class which bears a higher rate than another at one station maintains that relation at every station; for if there is a reason for charging more for transporting dry goods than for transporting coal for the distance of ten miles, the same reason applies for similar differences for every other distance."

Mr. Stickney shows (p. 70), in justification of his rule, that in 1888, after the Inter-state Commerce Act had gone into effect, the published legal tariff on the lines between Chicago and Minneapolis gave the same price or gross rate for a haul of 250 miles as for one of 420 miles. Flour and wheat are the same for 80 miles as for 420 miles. Coal is the same for 200 miles as for 420 miles. On coarse grains (corn, oats, barley, etc.), from the 180th mile to the 420th it is almost twice as much as that on flour and wheat. The rate on soft coal for a haul of 10 to 180 miles is lower than on flour; from that point on to 420 miles it is higher. Certain products which, on a haul of less than 140 miles, are carried for a lower sum than five other products, pass above them all before they reach the 420-mile haul.

Mr. Stickney assumes, without argument, that if the haul on one product is lower than on another, for a shorter distance and greater for a longer, this implies an evident injustice. Not so. It may arise wholly from differences in the tension of competition, but it may also arise from the fact that the cost of the loading and care, of one article, may form a larger proportion of the cost of carriage than of another.

If, for instance, coal is more expensive to load and unload than hogs or cattle, this would be a reason why on a short haul of 80 miles it should be charged a higher rate than cattle. But if in every 200 miles cattle would need to be watered, and coal and wheat would not, this would justify the cattle rate passing above the coal or wheat rate on longer hauls.

Mr. Stickney's fundamental assumption lacks necessary justice. His means of enforcing his rate are also too nearly sublime. He recommends (p. 211) "a chief executive officer of the government, having charge of railways." "Whenever he becomes satisfied that any management is persistently disobeying the laws, he should have power to take possession of the property and manage it through a receiver or otherwise, until he can have satisfactory assurances that the law will thereafter be obeyed!"

In short, the remedy for illegality is a railway czar. The law is to be saved by abolishing all law! No court, no hearing, no appeal, no recognition of private right, no judge, no jury, no damages! Such is the recommendation of an American lawyer and a people's champion—to cure a supposed evil so tenuous as that of a railway charging perhaps more nearly according to length of haul for cattle and more nearly according to cost of discharging for coal or wheat!

Mr. George H. Lewis of the Des Moines bar<sup>1</sup> recommends (p. 212) the consolidation of all the railways of the United States under the management of one company authorized to buy up the others.

Mrs. Marion Todd<sup>2</sup> advocates the ownership of all railways by the government.

The impulse toward reducing diversity to unity is widespread. It doubtless had its fullest trials when all the world was unified politically into the Roman empire, and

<sup>1</sup> National Consolidation of the Railways of the United States, by George H. Lewis, M. A. New York. Dodd, Mead & Co., 1893. 326 pp., 10 mo.

<sup>2</sup> Railways of Europe and America, or Government Ownership, with notes from official sources, by Mrs. Marion Todd. Boston Arena Publishing Co. 293 pp., 10 mo.

afterward when all the world was unified religiously into the Roman church. A widespread impression exists that the first experiment nearly obliterated law and liberty, while the second was but indifferently favorable to either civilization or religion.

Do we over-estimate these productions in regarding them as worthy of economic notice? Opinions are often instructive in proportion to the misconceptions they disclose. They show how largely those misconceptions are held. They then have a numerical value proportionate to the number and zeal of those whom they mislead.

In many small towns in the western and southern States, as well as in the eastern, where three or four weekly newspapers are published, at least one is devoted to a socialistic discussion of either railways, wages, rent, interest, the question of middlemen's profits, or the question of the adjustment of prices on boards of trade by speculative purchases or "futures." The convergence of these agitating forces gives rise to the farmers' alliance, populist, socialist and labor parties. These forces are the cause of the detraction from the Republican and protectionist vote which in 1892 defeated protection to American industry. They are combined in hostility to such a system of banking and currency as would produce low rates of interest. The political effect of their action was widely mistaken in the elections of 1892 for a popular verdict in favor of free trade. The election of 1893 disclosed the depth of this error. Many people do not to-day understand the impulses or the errors of this disturbing party. It has a vote which, instead of being a *laissez faire* vote, is a vote in favor of intensifying and perverting government action. It seeks to supersede state protection to industrial opportunity by state ownership and control of industry, replacing protection by paternalism, merging all industries into a Pharaohic despotism.

One squad of these voters meant to vote for cheapening and equalizing the cost of transportation; another

meant to vote to give the workman a larger share of the product of industry relatively to that obtained by his employer; another thinks he can see a way so to appropriate the values which natural opportunities like land, mines and talents acquire through the movement or preference of society, that society may get or enjoy or distribute these increased values more equally than now. Another squad seeks to reduce rates of loans and to cheapen the use of capital by legislative means; still another believes it sees a needless waste in the labors of merchants, middlemen, and speculators.

This agglomeration of social forces makes up the new party which Senator Peffer thinks will elect its candidate for President and a majority of congressmen in the year 1900.

Hence economic and political thought needs to meet these issues. If the solutions suggested are at first empirical we must not therefore assume that the impulse which underlies them is powerless or even mischievous. It may bear important and even beneficent fruits. Like the Crusades or the discovery of America, the results may be very far from those which are intended. They may even be important in the degree that they are unforeseen or least foreseen by those who lead them.

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### Wool and Woolens in the Tariff.

In no branch of the tariff question is there so much need of painstaking investigation, accurate knowledge, good judgment, and candid statement on all sides as in the wool and woolens schedule. Wool is graded by very heterogeneous terms in the world's various markets. Wool brokers confess their inability to compare them accurately, and so make estimated comparisons. The phrases used in classifying wools change within comparatively short periods. Prof. Taussig remarks that the

phrases "combing and clothing wools" have lost the fitness they had twenty years ago. Some of the statistics of prices are biased to prove the supposed case of the importer, the manufacturer or the grower. Prices abroad are often erroneously "computed" by deducting the duty from the domestic price, and asserting that the remainder is the foreign price, instead of actually getting the foreign prices from the price list of Helmuth Schwartz & Co. or other London houses, or from British Board of Trade returns, or from Adelaide, Port Philip or London wool quotations. This bases the relative conditions of the foreign and domestic markets on a theory that they differ by the amount of the duty, instead of on careful comparison of foreign and domestic prices of wool.

Wool importers whose interest and intent is "free wool" publish "boomerang" schedules of relative prices in protection organs (which circulate almost exclusively among the manufacturers and very little among farmers), so drawn as to show an exaggerated difference in price between foreign and domestic wools. These schedules of relative prices are thrust into the faces of the wool manufacturers by importers, to make them cry out for free wool, on the ground, false in fact and untenable in economic theory, that a wool duty of twelve cents makes the American price higher than the foreign by the amount of the duty.

This induces certain manufacturers to feel that if they are "taxed" on their wool by the whole amount of the duty, then free wool will help them even if the duties on woolens are somewhat reduced.

The immediate movement to abolish the duties on wool and reduce those on woolens, in the manner threatened by the Wilson bill, begins with those who consume no wool and grow none. But it derives a certain semblance of logic from the two-faced attitude which both the wool manufacturers and the wool growers have held before the country in advocating their system of joint protection to their common interests. Having an entirely just cause,

they have needlessly impaled themselves upon the horns of an illogical dilemma.

The wool manufacturers have said, in effect:

(1) A protective duty on wool is a better mode of insuring to us an abundant and diversified supply of cheap wool, than "free wool." In short, on raw wool the "tariff is not a tax." (2) But to offset the tax we are compelled to pay on raw wool, we must have a compensatory duty of from twenty to fifty cents per pound on our wool products, to equalize us with foreign manufacturers as to the cost of our own raw material; after which, as wages are forty per cent higher in America than in Europe, we need a further duty of forty per cent ad valorem to offset our higher rate of wages.

Meanwhile the farmers were too often induced to hold the equally illogical positions: (1) The surest way to have cheap clothing is to import and establish in our midst the means of production, but never the product. (2) The existence of the wool industry in America depends on the American farmer getting from ten to twelve cents per pound more for his wool than is paid to the foreign wool-grower. Despite this incongruous and inconsistent logic, the fact remains that blankets and other woolen products have been sold throughout the United States for fifteen years past at about as low prices, varying say from a shade lower to only ten per cent higher, than like wool products were sold at in England.

Presidents Bigelow and Whitman of the Wool Manufacturers' Association would annually appear before the Ways and Means Committee, and would say: "We represent officially ninety per cent of all the wool consumers in the country; we make ninety per cent of the woolen cloths made here; we assure you that 'the duty on carpet wool is the only one in the whole range of the wool and woolen tariff which is a tax upon the consumer.'"

Then Col. Morrison or Mr. Beck or Mr. Springer would ask:

"You use no carpet wools?" "None." "Then why do you need a 'compensatory tax' to offset the duty you do not pay on wool?"

This was a question that the longer the wool manufacturers talked about it the more clearly it remained unanswered. And yet Presidents Bigelow and Whitman were right, both in seeking to preserve the specific duty of ten to twelve cents per pound on wool and the duty on woolen goods, and in denying that wool was made dearer to them or woolen goods dearer to the public thereby. But their reason for preserving the duty should have been, not because they had to pay the duty on imported wool, but because they did not have to pay it. The domestic production of wool and woolens was so nearly adequate to supply the domestic demand of both, that it practically determined the domestic price; the more nearly the domestic wool and woolens shut out the foreign, the more nearly would the domestic price on both descend to the level of the foreign. The great essential to cheap wool was a large American woolen manufacture calling for plenty of sheep, magnitude in production always insuring cheapness in price and diversity in quality. If with a duty of forty per cent ad valorem the number of our sheep would fall from 43,000,000 to 30,000,000, then wool would be dear and woolen mills would disappear except from our seaboard. Reciprocally the magnitude of sheep-growing depended on the magnitude of American wool manufacture. Foreign mills would make no market for American wool. If a duty of a dollar a pound would cause 66,000,000 of sheep to be produced in the United States, such dimensions in the production would probably bring the domestic price down to the foreign, and cause us to export woolen goods. The farmers were more concerned to have a large market than a high price.

The first essential to a sound judgment concerning the course to be pursued in dealing with the wool and woolen schedules is to know in what degree the American

supply of both products is adequate to satisfy the whole American demand. Any great industry will expand its product as much as one-tenth at any time on being assured merely of a market for the added tenth. Increase of price of one-tenth will generally expand any large production about three-tenths.

Hence, when the domestic supply is large and capable of indefinite expansion, adequate production tends toward fall in price. This is true both of wool and woolens.

Prof. Taussig states<sup>1</sup> that our imports of combing and clothing wool for the last decade have been between 20,000,000 and 30,000,000 pounds annually. Helmuth Schwartz & Co. in 1887 placed the total wool product of North America at 460,000,000 pounds, and that of the United States at 320,000,000 pounds. This reduces the foreign supply to less than a tenth of the domestic, being exactly the condition in which the direct road to cheapness lies through the further expansion in the domestic production, and not through free importation.

An exaggeration of the degree in which a domestic producer secures a rise in price through a protective duty, is a fatal blow at the protective policy. The public mind has not been well informed as to the true effects of duties on prices either of wools or of woolens.

Since American wool manufacturers are not "taxed" to the full amount of the duty on wool, that duty should never have been made the basis of a compensatory duty on woolens. Had they really been "taxed" in any such degree, their processes being but little cheaper, except in the case of the Crompton and Knowles looms, and their labor being very much dearer, they could not have brought American prices of cloth and clothings so nearly down to the foreign as they are. There has usually been but a small difference, sometimes rising to a third or a half of the duty, between the foreign and domestic prices of wool. Prof. Taussig rightly says:

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<sup>1</sup> Quarterly Journal of Economics, October, 1893.

The price of much the largest part of the domestic wool . . . certainly is not higher than that of similar wool abroad by the full extent of the duty. It may be higher in price by some amount less than the duty: it may not be higher at all . . . Ten or fifteen years ago the difference, though not so great as the amount of the duty, was considerable. Of late years it has been less. The price of American wool seems to have gone down as compared with wool prices abroad, and at present there is probably a variation of not more than a few cents between the foreign and domestic prices of the qualities to which the bulk of the domestic product belongs.

The London *Economist* of January 4, 1890, quotes Ohio Combing at 41-42, and Cape Scoured Super at 45-47. And February 6, 1892, it quotes Ohio Combing at 30, and Cape Scoured Super at 32-34.

If on a static chart two lines are drawn representing the Boston yearly average price of fine Ohio wool, as given by George W. Bond & Co., of Boston, or of fine domestic wool in gold, as given by Walter Brown & Company, and the other of best Port Philip Fleece as given by Helmuth Schwartz & Co., of London, from 1865 to 1889, the three lines maintain very perfectly the same level.<sup>1</sup> Mr. John L. Hayes, Secretary of the Wool Manufacturers' Association, imported an all-wool blanket from England, for comparison with a like article made near Boston and a third made at Minneapolis. The price, at the factory, on the three, was over 68 and less than 69 cents per pound, in each instance showing perfect identity in cost for wool notwithstanding the duty on wool.

Mr. Taussig goes out of his way to write down sheep-growing in America. Thus he says: "In the decade of 1870-80 California became a great sheep-raising State. Since 1880 the number of sheep has declined to one-half the former number."

The Department of Agriculture reports in 1892 that California has 4,083,541 sheep. If Professor Taussig's statement be true, the State must have had more than 8,000,000 sheep in 1880. If so, the reduction in duties on

<sup>1</sup> See such a chart in wool prices in *Principles of Economic Philosophy*, by Dr. Denslow, page 680.

wool in 1883 killed more sheep than we had supposed. One such dose of reform should be enough.

Two points help to equalize the United States with Australia in producing wool. These are:

First, that in the former, wool is, on every farm, a by-product occupying mainly by-soils, by-time and by-capital. Hence whatever the farmer gets out of it is more largely a profit and less a mere return of cost than in Australia. It is the addition to his return which helps his standard of living, like the added shilling in the wage-worker's day's wages. This is shown by the evenness of the diffusion of sheep-growing throughout the United States. No other crop is spread so nearly in proportion to population. Out of 44,938,000 sheep in 1892, about 21,816,703 are east of the Mississippi and Missouri. The Southern States have nearly a third as many sheep and people as the northern. In Australia, wool is the chief field for capitalistic investment and land monopoly. Its gross returns bear the body of the costs of all collateral occupations. It draws the standard of life downward. On the great sheep ranges the shepherds see no human face for a year, and sometimes lose the faculties of speech and thought. The decline of wool by ten cents per pound from 1880 to 1890 broke all the banks in Australia. The whole continent hangs on a woolen thread.

Secondly, in the United States an abundant wool crop carries manufactures near to the farm. If, under free wool, manufactories should survive near the seaboard, to make up the imported wool, our interior factories would disappear. But under protected wool and woolens, textile industries will largely extend over Illinois, Missouri, Minnesota, Kentucky, Georgia, Colorado and Wyoming. This is just what is needed to give the right direction to our national development. The development of factories in the South would be worth more to the United States than all the tariff has cost since the foundation of the government. To those who still indulge the notion that fine

wools and woolens must come from abroad we commend the invigorating statement of Mr. Satzki, commissioner for Austria-Hungary at the World's Fair.

The most important of the American exhibit have been assigned to me by the Executive Committee on Awards to make a report as member of the international jury, and I found that the greatest part of those exhibits can compete with the very best and finest goods which are manufactured in Europe; style, quality, finish, and colorings are excellent. While examining those beautiful exhibits I candidly say myself it seems a mere prejudice among certain classes of people in America that domestic goods cannot be produced in the same qualities as foreign goods which are imported into this country. I am convinced that to-day the American manufacturer is able to make every kind and grade of woollen goods at least just as good as we make them in Europe. It is a well-known fact that in regard to weaving, all the good, industrious, and improved work that have been made during the last twenty-five years came all from America. The American system of Crompton and Knowles power-looms have been adopted and found superior to all those heretofore used in Europe.

In fact, nine-tenths, in value, of all the woollen goods worn in the United States are to-day American. This is shown uncontestedly by the official reports of imports and productions. No merchant can distinguish foreign from American goods by mere examination of the quality. Absolutely all the salesmen's pretenses of informing customers whether goods are of foreign or American make by mere inspection of quality are without foundation in fact. No man can tell whether a cassimere or a cheviot is made in Massachusetts or in England unless he knows by receiving it from the mill. He could as soon tell where the wearer was born by feeling of his skin.

The only quality of fine woollen goods the Americans have not recently manufactured has been broadcloths. The manufacture of these was extinguished in 1854 by the Walker tariff of 1846. Any American mill could adapt itself in a few months to the manufacture of broadcloths if assured a continuous supply of orders. The European mills run continuously on broadcloths by drawing their orders from the entire aristocratic class of four hundred millions of people of European origin throughout the world. American broadcloth mills could at best get only

from one-sixth to one-twelfth of this custom. Meanwhile Americans have come to prefer other cloth to broadcloth for dress wear. Hence the trade in broadcloth is like the trade in knee breeches, church vestments, shoe buckles, gold lace, saint's relics, mediæval curios or judicial wigs. It belongs abroad, as the mahogany trade belongs to Honduras, or hemp to Yucatan, or ivory and ostrich feathers to Africa, by limitations which do not imply a greater progress than our own.

It is essential to the security of protectionist legislation that the wool and woolens tariff be defended on a sound basis. The duty should be laid simply with reference to selling price, and should be high enough to secure the domestic production of all commodities which the nature of our country admits of producing at such an expenditure of labor time as will consist with the general development of the highest social welfare among our people.

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### Ancient and Modern Labor in Europe.

The disturbing question of securing employment for workmen through some regular and responsible agency first presented itself for consideration in the middle ages. The shackles of feudal bondage had been removed, and upon thousands of freemen in France was laid the responsibility of self-support. These men had to seek employment by applying for it in person, by standing on "hiring places" where those needing workmen could find them, or by seeking the good offices of certain monasteries and convents.

In the thirteenth century most workmen were hired not by the hour, day, or week, but for several months, for the year, or for a term of several years. The artisan was not permitted to work at home, but was compelled to toil in a general workshop. In 1351, employers were forbidden to compete for workmen by offering an advance of wages.

Employers wanting men were commanded to hire them on the hiring place, and in Paris each trade had its exclusive "place" in the city.

Registry offices originated in the middle ages, and were at first intended to procure employment for female domestics and nurses. They became in a short time very lucrative. The modern "intelligence office" owes its origin to these ancient offices of registry for nurses.

Toward the close of the fifteenth century the equality that had previously existed between master and man in the trades became very much changed and finally vanished. The monarchy united all trades and arts in every town in the kingdom into corporations and put a heavy tax on them. The masters who became rich became also privileged persons, and they made it almost impossible for a poor workman to earn the means of going into business for himself. The workmen in time organized district associations opposed to the coalitions of their employers and of capital.

The associations soon began to dictate laws for fixing the amount of wages and the hours of work. This caused the employers to solicit the protection of the crown, and the result was a profusion of royal ordinances, of which the most notable was that of Charles IX (1570), confirmed by that of Henry III (1575), in which it was decreed that workmen were forbidden to turn any of their companions from the service of their employers or to assemble in any public place on pain of death, and all ecclesiastics were forbidden to allow in their cloisters or other parts of their habitations any assembly of workmen's associations.

The persecution to which they were subjected excited the workmen to self-protection, and in the sixteenth century the associations had developed into a vast federation of syndicates or guilds, which defended their common interests by strikes, threats, and when necessary by armed force. Royal edicts and even the anathemas and excommunications of the church were used against these organi-

zations in vain, and they continued to flourish. The employers also united themselves, and exacted from all workmen who applied to them a certificate from their previous employers attesting that they had never injured those employers' interests, and also obliged them to register their names with the secretary of the society. In this registration originated the registry offices for all kinds of trades, hitherto limited to nurses and domestics. In time the government compelled all persons out of employment in Paris and the provincial towns to inscribe their names on the registries. Finally, however, these offices became unpopular and were closed.

When the revolution broke out in 1789, work was almost everywhere at a standstill, and the working classes were in extremity. A vast multitude of workmen went from the provinces to Paris and increased the number out of employment in the capital. The authorities became alarmed, and offices of public works were opened in various quarters of the city, the National Assembly having voted a large sum for that purpose. Upon this becoming known a host of beggars and vagabonds flocked in from all sides who even went so far as to insist upon receiving a day's pay without giving its equivalent in work. The authorities at length sent them back to their respective departments under escort, and reserved the work for the citizens of Paris.

Soon afterward the departments claimed subsidies from the National Assembly, and the crisis became general and prolonged. Workshops for the needy were opened at the national expense throughout the entire republic, the assembly voting the sum of \$72,000,000 for the purpose, but such abuses resulted that all the workshops except those in which women and children were employed were abolished. In spite of all this, however, and the events of the dark years of the revolution, when France, afflicted by internal dissensions, was defending herself against the allied powers of Europe, her industry, according to the

report of the Paris Chamber of Commerce published in 1804, rose to a higher level than it had touched under the ancient régime.

After the revolution of 1848 the provisional government, in order to provide work for the thousands of unemployed workmen, ordered the building of public offices. This measure did not accomplish its object; the system of national workshops was again developed; 100,000 men had to be provided for by the treasury; many of them got themselves inscribed in several sections and received the pay; others presented themselves only for their salaries and worked in the meantime in private workshops; overseers placed on their books fictitious names and pocketed the salaries. Taskwork was substituted, but the success was not greater, and it was finally decided to abolish the national workshops. This measure gave rise to the bloody riots of the 23d to the 26th of June, 1848.

After the *coup d'état* of 1852 the government of Louis Napoleon reopened the question of registry offices, and instituted a commission to inquire into the working of the whole system, and to see if it were to the advantage of the workmen that the offices should be maintained. The commission decided that the registry bureaus might be reopened on the condition that the directors be approved of by the municipal police, that they present sufficient guarantees of morality, and that the offices be submitted to a periodical inspection. On the proposition of the commission a decree to that effect was issued by Napoleon on March 25, 1852, and is still in force.

Under the third republic labor exchanges have been created in different towns, and every year new exchanges are being opened. These labor exchanges have for their objects: (1) to suppress the assembling of strikers on the public streets; (2) to facilitate the placing of workmen; (3) to suppress the registry offices; (4) to centralize offer and demand; (5) to establish direct relations between workmen in general. The registry offices are very unpop-

ular and will doubtless be abolished, although so far no legislative action has been taken on the subject.

A bill has been recently passed which sets the limit of a day's work for women at eleven hours. It prohibits the employment of children under twelve years of age, or under thirteen without certificates of primary instruction; restricts night employment, prohibits underground labor for women, and requires the observance of public holidays and a weekly day of rest.

In Germany, clerks in shops and counting-houses are generally members of benevolent societies which find situations for those belonging to them. The clerks also have recourse to the daily press. There are registry offices for domestic servants of both sexes, independently of the numerous charitable institutions, which interest themselves chiefly in obtaining places for female servants in return for a very small consideration. As regards workmen, there are to be found in every large town small inns supported by certain trades, called "Heberges," where a list is kept of all the employers in need of men. Frequently the employers go to those inns to engage the workmen they want. In the port towns the sailors are enrolled by a middleman, who is generally an innkeeper and who is called "Bass." The registry offices are for servants alone, but masters and servants appear to have more confidence in the charitable institutions and address themselves to them in preference.

In Austria work or situations are obtained by one of the three following methods: (1) by registry offices for the special trades; (2) by workingmen's syndicates (*Gewerbe-genosenschaften*); (3) by societies or corporations. The registry offices are mainly for servants, whereas the workmen have recourse to the two special agencies above mentioned. Certain charitable institutions also assist in obtaining work for the unemployed.

In Belgium the intelligence office business is not controlled by the government, but each office pays a tax in proportion to the amount of business it transacts. These

offices are intended for servants alone. For workmen there are labor exchanges which appear to have the confidence of employers. In Brussels, during 1891, there were 5,361 applications made by workmen, and of this number 4,091 found employment.

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### Columbia's Work in Economic History.

The faculty of political science of Columbia College, aided by the fellows, tutors, and graduates of that institution, are enlisted in independent lines of economic research which are resulting in a group of original publications, all characterized by the scientific and historical spirit, and evincing no ordinary acumen and accomplishment. Until recently but little had been done by the supposed masters of American economic research so effective as this work now emanating from recently graduated pupils of this school.

Dr. Hourwich<sup>1</sup> presents us with a study of the economics of a district in Russia comprising as many villages (650) as may furnish material for generalizing. His work requires closer study to follow than Dixon's or Wallace's more popular presentations of the *mir*, the *artel*, and of that system of social help of neighbor by neighbors which bears so many resemblances to the "bees" for harvesting, "raising," plowing, spinning, weaving, clothing-making, stock-killing, apple-paring and fence building among the early Yankees. He shows that Russian lands have been "earned" in the past by the nobles, largely by political services, and that there is, therefore, a peculiar tendency in land titles to date back to a period when official salaries took the form in part of land grants.

At the recent achievement of emancipation the share of lands given to the freed serfs was so small that in the

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<sup>1</sup> *The Economics of the Russian Village*, by Isaac A. Hourwich, Ph.D., Selligman Fellow in Political Science, Columbia College. 1892. pp. 182.

absence of capital, stock, or implements to work them their owners can but poorly compete with the nobles, gentry, and large land-owners.

Though every Russian still owns his rood of land inalienably, therefore, he would gladly rely wholly on free wages, and be relieved of his taxes by running away from his land and its burdens if he could. Exactly what the tether is which binds him to his land, irrespective of its capacity to assist him in getting his living, is not clear, nor is it clear whether Dr. Hourwich means, by the "deficit" which he registers against certain farmers, an actual failure of their incomes from all sources, including wages, to support them, or only a failure of their farms, which is made up by their wages. Communism in land ownership, however, evidently fails to prevent the formation in Russia of a proletariat class dependent more and more each year on wages.

Dr. Dunscomb's work on bankruptcy<sup>1</sup> investigates the various forms of statutory provision for bankruptcy in Europe and in the United States, and a very brief mention of our State insolvent laws.

Two great evils have heretofore attended bankrupt laws generally. We might suggest to the learned faculty of Columbia that a thorough presentation of these evils would throw a strong side light on the utility of bankruptcy in its moral and economic aspects. These are, first, the fact that so small a proportion of the assets of bankrupts ever reaches their creditors, and secondly, the fact that in so many cases bankrupts successfully retain their property notwithstanding all the means of inquisition provided on behalf of their creditors.

Fraudulent voluntary bankruptcies, from which the bankrupts emerge rich, and before conducting any new business in which to accumulate wealth become large owners of real estate, are numerous in the great cities, and

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<sup>1</sup> *Bankruptcy, a Study in Comparative Legislation*, by S. Whitney Dunscomb, Jr., Ph.D., Seligman Fellow, etc., Columbia College, New York. 1893. 167 pp.

are discreditable to the system itself. So also are the honest involuntary bankruptcies, where the debtor is believed to be worth a large percentage on his debts, but where the creditors get nothing. Professional assignees are usually some favorite of the court, into whose custody are dumped hundreds of bankrupt estates. Into these the assignee burrows, like a mouse into a cheese, just far enough to make his own business as an assignee or receiver pay, and no further.

The Columbia College faculty could still get out a brochure on the economic and moral aspects of bankruptcy. Such a book might begin with a presentation of the system in vogue under the Roman writ of execution called, if we remember rightly, *omnium bonarum cessio*. This was a surrender and sale of the debtor's whole estate for the immediate benefit of all his creditors. They were summoned by the officer holding the execution against all his goods, to compete with each other for the purchase of his whole estate, each creditor bidding the percentage upon all debts of the debtor which he would pay to get the debtor's whole estate. Whatever percentage was thus bid and paid the creditors got on the spot; the debtor got his discharge if the surrender was complete, and the creditor who knew most about the value of the debtor's estate generally got that. There was no delay, no robbery, no field for fraud, and no inquisition or getting rich by perjury.

Mr. Dunscomb's work is confined to the legal aspects of bankruptcy and insolvency in Europe and here, and evinces close research within its scope. It does not, however, discuss the mooted points which underlie the expediency of bankruptcy, nor what acts should or should not be deemed fraudulent as to creditors.

Under many State insolvent laws a failing debtor may use up his property as far as it will go in paying honest debts, or may secure them by mortgage or prefer them in his assignment, and it is not fraud.

But under the last national bankrupt law, and under

some State insolvent laws, these acts are fraud if committed within a certain limit of time before bankruptcy.

This makes a different standard of right and wrong applicable under Federal and State law, which ought not to be.

Dr. Cortlandt F. Bishop's History of "Elections in the American Colonies" dissects with great diligence the statutes of the colonial period, for evidence of the mode in which elections were then conducted. To make the work dramatic and lifelike, actual elections should have been portrayed as historical facts, with the legal and statutory data here collected as footnotes and authorities. The dissection of statutes is like all dissection, a subdivision of the dead, not a resurrection of historic life. Very little additional labor would have made this work a vivid history of the actual evolution of colonial elections as events. This would have been as exact and instructive, and much more dramatic and truly historical, than a toilsome abstract of the statutes under which they were held. The difference would be like that between a history of architecture and a history of the scaffolding which the architects used, or like that between a history of art such as Hegel, Ruskin, or Jarves might write and a history of pigments. Style cannot exist without fervor, and fervor cannot exist without convictions. Mere learning, however profound, will not glow. It lacks the divine fire.

Dr. Ripley's<sup>1</sup> work on the financial history of Virginia is careful, painstaking, and well done throughout. Perhaps if the Columbia College series is at fault in any literary quality it is in the sacrifice of literary style, of the higher kind, to matter-of-fact statement. Their writers are systematic and apparently accurate.

Their work is a long advance on the superficial dogmatism of Sumner and the ill-digested empiricism of Perry. It is calm, fair, neat, concise, and clear. But it is

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<sup>1</sup> The Financial History of Virginia, 1609-1776, by William Z. Ripley, Ph.D., University Fellow in Economics, Columbia College, New York. 1893.

not yet their best. It does not reach the standard of style required to sustain the interest of the reader through compositions so justly pretentious and so recondite as these. The dignity which attaches to their originality in research should be the warp into which a woof of bolder and warmer generalization should be woven. They should attract, hold, and convince of general truths, or they are frames without pictures. The authors of these works are capable of giving them a larger sweep and dignity of movement without lessening their minuteness or accuracy. In mere capacity of transportation a canal far surpasses the Rhine, but it does not so charm the traveler.

The rhetorical style of the historian and philosopher is the product of his broad view and profound generalization. The swing, stride, and compass of Macaulay, Alison, or Prescott would find ample materials in every page of Doctor Ripley's, Doctor Bishop's or Doctor Dunscomb's work. This rhetorical and philosophic dress, which it befits history, philosophy, and even science in their highest productions to appear in, must be demanded or it will not be worn. In such works sentences which inclose philosophies must charm by their rhythmic cadence. Sonorous periods must instruct by their antithetic contrasts. Then each phrase would be a portrait. Every line would shine with its own light like one from Emerson or even from Gibbon.

Mr. Beer's<sup>1</sup> history of England's commercial policy toward her American colonies has a livelier and more entertaining movement. A part of its facts had appeared, by piecemeal, in protectionist writings, which sought to strengthen their argument by showing that the free-trade policy is that which the United States would be compelled to pursue if they were still colonies of Great Britain. Everywhere Englishmen's profits take on the name free trade. If this were our best hold, separation from the

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<sup>1</sup> *The Commercial Policy of England toward the American Colonies*, by George Louis Beer, A. M., Columbia College, New York. 1893. 167 pp.

mother country would be, as Goldwin Smith declares, a mistake in the providential government of the world.

Mr. Beer is patiently historical and instructive. He needs only to trace a sequence between the various acts which he describes, of English legislation concerning America, and their direct resulting effects upon American industries, to attain the proper dignity of economic writing. To be an economist, one's facts must exhibit economic law as their just clue and explanation. Too many of the recent graduates of colleges generally are schooled in the doctrine that to be convinced of any general truth betrays a lack of scholarly reserve and must be avoided. Like the poor diamond cutters of Paris, the scholar is to cut brilliants but not to wear them. Thus on page 135 Mr. Beer says:

The policy of restricting manufactures in the colonies was in general most successful. On the whole the three acts aimed against woolen, hat and iron industries were generally obeyed. The success of this policy is easily explained, for extensive manufactures in such young countries as the colonies can only be due to a *pis aller*.

Can an economic blunder be a success? And could not the colony of Massachusetts Bay manufacture? That colony was thirty years older in 1756 than the United States are to-day. The age of political institutions denotes absolutely nothing as to the relative fitness of the people of two countries to compete in spinning.

In 1756 there was in Great Britain no steam power, no railway, no great factory, no cotton to speak of. Turkey, India, and China manufactured for England, France, and Germany. Steel came from Damascus, cotton cloths from Nanking and Calicut, bombazine from Bombay, carpets from Persia and from all Asia. In Great Britain and in the colonies spinning and weaving were the affair of women. They had hardly changed since the early periods of Greece and Rome when it was the pride of the matron to be found with her maids spinning. There was in the colonial period no competition of great capitals to contend with. The flying shuttle was new. Automatic weaving came

thirty years later. "Mules" and jennies did not exist. England had not improved upon India. American women could spin and weave as good cloth as the English women.

The fiddling of Nero while Rome burned was not a success, with whatever nerve and grace he may have played. Calamity is not success. Government succeeds only as it promotes the true welfare of those whom its policies affect. The colorless mode of treating national interests wins at a loss. Its studied indifference to vital principles is an emasculation of patriotism. Educating a man to forget his country is not a good service. No such devisceration of one's vital moral force is the proper product of travel, culture, or breadth of view.

Columbia is doing a good and valuable work in these researches. It is concentrating upon itself the enthusiastic spirit of modern science and investigation, applied in a direction the most useful, and where hitherto there has been most need of fairness. In this line lies the promise of a school of investigators competent to influence practical questions of economic policy in a manner which shall at least not bring depression and disaster in its path. To win this high meed its truths must set on fire.

## Editorial Crucible.

[Correspondence on all economic and political topics is invited, but communications, either for private use or for publication, must bear the writer's full name and address, and requisite postage must be inclosed for return of manuscripts or answers to communications. The editor is responsible only for opinions expressed in unsigned articles, and reserves the right to criticise freely views presented in signed articles, whether invited or not. Typewritten manuscripts preferred.]

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ON SUNDAY MORNING, December 10, a number of the leading clergymen of New York City discussed the tenement-house problem. Although the landlords are largely in the congregations of these churches, and it is well to prepare them to act intelligently in this matter, yet it is not at all likely that they will do much until there is a large demand upon the part of the occupants of the tenements for improved quarters. Unless the education is begun at the demand end, the character of the supply will not greatly change.

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THAT TINKERING with the tariff is a national calamity is at last beginning to be recognized in quarters where, six months ago, the tinkering was most loudly demanded. Even the *Providence Journal*, a leading New England tariff reform paper, has come to the conclusion that the Wilson bill should be abandoned and the tariff remain undisturbed. The reason it gives is that the disturbance of the tariff is destroying business, and the passage of the Wilson bill will not settle the subject in any permanent way. The *Journal* is unquestionably right, and we hasten to congratulate it upon its change of front.

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A WRITER IN THE *Banking Law Journal* shows the necessity of expert accountants in the conduct of modern

industries, in order that the exact cost of production may be determined. He regards it as a most important item of knowledge, without which the manager may sell goods at a loss, supposing he is prospering, to realize only too late that failure has come. This illustrates the difference between the practical conductors of business enterprise and the theorizing economists. The latter have almost entirely ignored the influence of cost of production upon prices. Practical men know better, and economists ought to.

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THE MINERS OF OHIO have been receiving four and a half cents per ton more than their fellow laborers in Pennsylvania. On this account their employers have been at a disadvantage, and were undersold in those markets usually regarded as their own. To such an extent was this done that, in self-defense, the operators asked their men to accept a reduction. The miners were not willing to lower their standard of living, so they endeavored to influence the Pennsylvania miners to ask for an advance. This was a striking departure, but altogether the best solution of the difficulty. It is always better for society to lift up the lower than to degrade the higher.

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THE KNIGHTS OF LABOR has always been more of a socialistic than an industrial organization. All that is necessary to make the Knights a flame-bearing mob is to have a rattle-headed demagogue for a leader, and, if we may judge from the recent manifesto issued to the order, they have secured just that type of leader in their new Master Workman. These are just the kind of times that such dangerous characters are most apt to come to the front, and these are just the times when such should be most rigidly suppressed, and level-headed leadership selected. During the next year a few fools may inflict more injury upon the labor movement than can be repaired by many years of sacrifice and hard work.

A revenue tariff, to be truly American, should tax everything produced in foreign countries and brought to this country for sale. Such a tariff, while it brings revenue, will afford protection equal to the per cent of the tax. If the tax is 25 per cent on the value of the goods, it is a 25 per cent protection to the American manufacturer of the same goods.—*Cleveland Plain Dealer*.

Oh, no! Mr. *Plain Dealer*, that is all wrong. A duty of 25 per cent on imports is not necessarily protection at all. This is one of the common fallacies regarding protection. A duty protects only when it is high enough to secure a practical competitive opportunity for home producers, which must be sufficient to guarantee that the American price of the foreign product shall be equal to the American cost of production. This may be accomplished by a 10 per cent duty or it may require a 100 per cent, but any duty short of that is purely a revenue duty and gives no protection at all.

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MR. CLEVELAND's reputation for high-minded and far-seeing statesmanship appears to be rapidly declining. In forcing the monometalist position on the silver matter, he has incurred the protracted enmity of many of the western and not a few of the southern people. In selling embassies and truckling to the spoilsmen he is losing the confidence of the mugwumps. In committing his party to free trade and creating an industrial panic, he has strained the confidence of the American people; and by his Hawaiian blunder has called out the united condemnation of both Democrats and Republicans everywhere. Through much lauding for virtues not possessed he evidently imagines himself great, and assumes that whatever he does is sure to succeed. But mere "destiny" statesmanship is sure ultimately to fail; luck cannot always serve for brains.

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IN ITS ISSUE of December 26th the New York *Journal of Commerce* has a labored editorial trying to show that business is really improving. We sincerely wish that we could find in its news columns the evidence that this is true. If business can be improved by talking hopefully

about it, it is surely the duty of the *Journal of Commerce* to go into the business of booming, for few newspapers have contributed more to the present industrial disturbance. The fact that it is a leading commercial paper, and presumably non-political, though always supporting the Democratic party, gives it a much greater influence in industrial affairs than it could otherwise have. And its baneful influence is not reduced by the sincerity of its free-trade convictions. Error is no less harmful because its advocates are honest. The Inquisitionists were honest.

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SENATOR SHERMAN, in advocating the repeal of the Sherman Law, said: "Break down the barrier now maintained by the Senate of the United States; check the viper called obstruction to the will of the majority; give the Senate free power and play, and in ten days from this time the skies will brighten, business will resume its ordinary course, and the clouds that lower upon our houses will be in the deep bosom of the ocean buried." The viper was checked, the Senate had free play, but the skies did not brighten. "Ten days" have passed; business does not resume its ordinary course, and neither the Wilson bill, the free-trade majority in Congress nor the financial depression has yet had that moist funeral promised by the Ohio senator. Senator Sherman is a respectable senator, and, perhaps, a good politician, but he is evidently a poor prophet.

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NOW THAT THE jingoistic Hawaiian policy of the Harrison administration and the un-American monarchical scheme of the Cleveland administration have both failed, both Hawaii and the United States will be better off than if either had prevailed. The efforts on the one hand to kidnap Hawaii into the United States, and on the other to force upon it a barbarian monarchy, have resulted in leaving the government in the hands of the most civilized portion of the population. And as Cleveland will prevent

Congress from annexing Hawaii, and Congress will prevent Cleveland from re-establishing the queen, it is probable that the Provisional Government will be permitted to establish itself as the permanent authority in Honolulu, which will be a great step toward replacing barbarism by civilization, laying the foundation of real progress, and developing representative institutions in the Hawaiian Islands.

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NOTHING MORE clearly indicates the complete subordination of public welfare to party ends than the tone of speeches of certain party leaders and organs in discussing the Wilson bill. The claim that the Wilson bill will be beneficial to the business of the country having been silenced by closed factories, bankruptcies and starving laborers, the argument used is that the Democrats are pledged to it; just as if the victory of a few economic fanatics in the Chicago convention were more important than the prosperity of the nation. What if the Chicago convention did favor free trade, and that opinion was indorsed by the whole Democratic party and finally by a majority in the country? If it is seen to be ruinous, and the people recognize the fact and take the first opportunity to express their regret at favoring such a policy, no party pledge or personal leadership or presidential obstinacy should be permitted to stand in the way of its immediate abandonment. The nation is more important than party.

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THE CRASH which began in the panic last summer with breaking the banks, and has since steadily continued closing factories, mines, and furnaces, has at last reached the railroads. Those strongholds of capital, which have been the object of general attack because of their success, are rapidly succumbing to the business-destroying forces now at work. According to the latest advices, 31,878 miles of railroad, with a capital of nearly four thousand millions, are now in the hands of receivers. In other

words, our new industrial policy has forced into bankruptcy railroads representing over one-third more miles than the entire railroad system of Great Britain and Ireland. We have only to continue this a little longer in order to produce the worst consequences of a veritable famine. And yet Mr. Cleveland and his lieutenants, in and out of Congress, cry for more. Is it possible that these people are unaware of the consequences of their conduct, or is it only a demonstration of their readiness to disrupt the nation if necessary to gratify their ambition?

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WE HAVE recently received a number of documents from M. Charles Robert, relating to the history and present condition of two profit-sharing schemes in France. The continued success of the oldest of these experiments in what Jevons has called a perpendicular industrial division, Maison Leclaire, now Redouly & Cie, Paris, and the equally noteworthy establishment by M. Godin at Guise for the association of capital and labor, have induced many imitators in this country and Europe, and have led social reformers not a few to conclude that in very truth the wage system of industry has lived its life, done its work, and, like slavery and serfdom, is now in its turn to be superseded by another and higher industrial organization in the form of socialism. Generalizations from such limited data are very delusive. If such people would consider the failures as well as the few successes, which in every instance depends upon the personal force of the individual inaugurating it, they would see a different picture. And if they study the economic development of society through the media of facts instead of ideals, they would learn that the uplifting of society they so much desire lies in the further development and perfection of the wages system and not in its abolition.

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OUR PRESENT experience is demonstrating the economic necessity of taking the tariff question out of

politics. Nothing short of that can give us any permanent settlement of the tariff question. If the present administration and the leaders of the opposition party were really as anxious for such a settlement as they profess, it would not be very difficult to accomplish. It could easily be done by recognizing the principle that, regardless of revenue, sufficient protection should be maintained to cover the difference in the labor-cost here and abroad, and this, as we have often pointed out, is finally measured by the difference between the price of competing products in this and other countries where they are made. If this simple principle were recognized by both parties, a law could be passed, either appointing a commission for the purpose, or giving the Secretary of the Treasury the power to adjust the duty on competing products, quarterly or semi-annually, to the difference in the labor cost, as thus indicated. Then election campaigns would not paralyze business, because adequate protection could be relied upon, regardless of the political complexion of the administration. Defeat the Wilson bill and take the tariff out of politics should be the war-cry from one end of the land to the other.

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THE IDEA that the present hard times should be called "Cleveland times" appears to disturb *The Boston Herald*. When the *Herald* and its comrades in strife pursued Mr. Blaine with slanderous calumny, quite another view of warfare upon public men was entertained. In the ultimate sense, it may be true that Mr. Cleveland is not responsible for the present hard times. That is to say, he did not originate the advocacy of the policy which has brought the hard times about; this was really the work of *The Boston Herald* and half a dozen other free-trade journals in Massachusetts and New York. It was as their creature and mouthpiece that Mr. Cleveland forced this issue upon his party, and through it upon the nation. Practically Mr. Cleveland is responsible. His party has been reluctantly whipped into acceptance of his anti-protection proposition.

Of course, it may properly be said that the people are responsible for being fooled into electing him, but here again *The Boston Herald* and its comrades in free trade journalism did most of the fooling and are really responsible. That the accession of Mr. Cleveland and his majority to power is the direct cause of the present hard times is literally and indisputably true, so that the phrase, "Cleveland times," is correct, because Mr. Cleveland is responsible for the present condition, and the New York *Evening Posts* and the *Boston Heralds* are responsible for Mr. Cleveland.

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GOVERNOR RUSSELL, of Massachusetts, in trying to state what the country is suffering from, says: "Let us see what the situation is. We find the country suffering from a diminished revenue, increased expenditures, reduced gold reserve and a flood of useless silver." Imagine Governor Russell going into the gloomy home of a Boston family whose head, until the tariff reform won its victory, was earning \$20 per week, but has been several months out of employment, and saying: "John, I see you are suffering because the government of the United States has a diminished revenue." John looks across his empty table and remarks: "How would an increase of government revenues help me? It is my own revenues that need increasing. For years you have been telling me that we laborers were poor because the government took too much in taxes, and now you say that we are starving because the government gets too little." Governor Russell: "And John, you are suffering from increased expenditures." John: "Not at all, Governor; my suffering is because our expenditures are diminished." Governor Russell: "And John, you are suffering because the government reserve of unused gold is reduced to barely ninety million." John: "My wife thinks it is because our gold reserve is destroyed altogether." Governor Russell: "And John, you are suffering from a flood of unused silver." John: "Governor, were you ever in a lunatic asylum?"

## The Editor's Drawer.

This department is devoted to answering questions of fact or theory. Although we do not regard ourselves equipped to answer all questions that may be asked, we shall willingly give whatever information we possess, provided the inquiries are made in good faith; to guarantee this, we ask that all communications be accompanied by the full name and address of the writer. Correspondents complying with this condition may be assured that their communications will receive attention, and if they are not answered in the next issue, they may assume that it is either through want of space, or that time is needed to get accurate information. Anonymous communications will receive only waste-basket attention.

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Under the advice of economic instructors, a student of the Wisconsin University asks a number of questions about the government ownership of telegraphs.

1. What would it cost to purchase all the telegraph systems in the United States?

Ans. It would probably cost from 125 to 135 millions of dollars. The assets of the Western Union alone, including stocks and bonds of many smaller companies, amount to \$123,-899,173.

2. What is the average cost of construction per mile?

Ans. Cost of construction is not merely the cost of putting up the poles and hanging the wires; it includes all the costs of the equipment—renewing lines, obtaining patents, and developing new devices, etc. As it stands, the Western Union has cost about \$525 per mile.

3. About how many additional employees do you think would be added to the civil service if the government were to operate the telegraphs?

Ans. We have no exact data for the number of employees now engaged on all the lines. At present the Western Union has 21,078 officers, and the other companies probably have nearly 4,000 more, employing in all about 30,000 persons.

4. What percentage of the cost of telegraphy is labor?

Ans. If the writer means the cost of the plant, we say 100 per cent. If he means cost of operating the system, after paying for the plant, we have again to say complete data are wanting, but from our own investigation we should say about 80 per cent.

5. What is the difference in wages paid to operators in the United States and England, France and Germany?

Ans. We know of no statistics for operators' wages on the Continent. The difference between telegraphers' wages here and in England is fully 40 per cent, but it is very dangerous to talk about average wages, since they vary for the same employment in almost every locality. Like all other prices, wages tend to uniformity only in the same market, and each locality is a market for labor in most industries. The wages of operators, like those of all other laborers, are governed by the standard of living in the locality in which they live. According to the report of the labor bureau the wages of operators in the city of New York are from \$75 to \$100 per month, in Syracuse \$35, in Utica \$55, in Buffalo \$30 to women and as high as \$75 to expert men. The wages of the telegraphers in the London stock exchange, probably the highest point in England, are from £84 to £92 per year, or from \$35 to \$38 per month.

6. Is there any deficit in France, England or Germany, after all expenses, including interest, are paid?

Ans. We have no reliable data for the Continent, but in England there is a deficit. In 1870 the English government bought the telegraph system. Prior to that date, it had been profitably worked by private capital. The first year under government control it barely made expenses. In 1872 it had a deficit of \$771,036.82, and has had a deficit every year since.

7. Do you consider the service in this country superior to that in Europe? If so, in what respect?

Ans. It is vastly superior to the service on the Continent. It is quite as good as that in England, with the advantage in this country that the company is liable for damages for unnecessary delay, while under government management in Europe the injured customer has no redress.

8. Taken as a whole, distances considered, are messages as cheap here as in England?

Ans. Yes, very much cheaper. The average price for messages in England is a fraction over thirty cents; in this country it is thirty-one cents, and press dispatches are much cheaper here. But in this country twice as much distance has to be covered between terminal stations, involving three times as many miles of lines, three and a half times as many miles of

wire and cable, two and a half times as many offices, with wages nearly double. Despite these disadvantages, the business has been profitable in this country under private enterprise, while in England it has lost money every year under government control.

9. If you do not favor government ownership of telegraphs, what plan would you suggest to remedy existing evils?

Ans. We do not know what the evils referred to are. Since 1868, two years after the consolidation of the numerous telegraph companies into the Western Union, the average cost of messages to the community has been reduced from one dollar to thirty-one cents per message, a reduction of seventy-three and one-half cents per message or over seventy per cent. We do not know whether this is one of the evils complained of.

10. Is there any personal discrimination shown at present by existing companies?

Ans. If the writer means discrimination against some individuals in favor of others, we do not know of any. Press dispatches are sent cheaper than individual dispatches, on the principle that large quantities are always supplied cheaper than small quantities.

11. Under government ownership of the telegraph, would there not be a tendency of the party in power to use the telegraph for political purposes?

Ans. Certainly there would be; just as there is to use the navy yards and post offices now.

Another student in the same university asks:

12. Do you think the United States has a constitutional right to assume the control of the telegraph system?

Ans. Yes. Telegraphy between individuals in different states is as clearly interstate commerce as is the transportation of goods, hence whatever power Congress possesses over railways extends equally to the telegraph.

13. What objection, if any, is there to comparing telegraph rates in this country with rates in Europe?

Ans. None, except behind the comparison lies an assumption that rates here ought necessarily to be lower than in Europe, although with the higher rate of wages in America telegraphy might cost a little more in this country and still be cheaper than in Europe, cheaper in the sense that a day's

wages would obtain more, which is the only test of cheapness.

14. What would be a conservative estimate of the value of the Western Union lines?

Ans. From ninety to one hundred million dollars. See answer to question 1.

15. Is the telegraph service in England as efficient as in this country?

Ans. If by efficiency is meant, as economically conducted, no. Because in England the charge for the service to the community is about the same as here, with wages forty per cent. lower, and less than half the amount of lines and cable is required there to do the same business; still they have a loss on every message, which has to be made up from public taxes, while we have a profit.

16. Is not the fact that the Western Union pays large dividends on watered stock a strong argument in favor of government ownership?

Ans. Our correspondent falls into a very common error in assuming that the Western Union pays large dividends on watered stock. At one time the Western Union had some watered stock, but the water was squeezed out of it long ago by increasing investments without increasing the stock. But if it did pay dividends on watered stock, that would be no argument whatever for government ownership. Dividends on watered stock only prove that the earning power of an investment has outrun the average earnings of capital; that shows great efficiency of administration, and may warrant a reduction in rates, or the establishment of competitive companies, but it furnishes no justification whatever for suppressing the enterprise by government ownership, unless poor, losing administration, as in England, is to be substituted for efficient, profitable administration, as in this country.

17. Would national ownership necessarily involve corruption in politics, or would it not rather tend to purify politics?

Ans. It might not necessarily corrupt politics, but there is every reason to believe that its tendency would be in that direction, since the larger the number of appointments, the greater the bureaucratic influence. One might as well expect to increase honesty by making deception profitable, as expect to purify politics by increasing the number of political appointments.

## Economics in the Magazines.

Under this head we only call attention to the articles, in the current magazines, on social and economic questions, giving the point of view or method of treatment and other items that will serve as a guide for readers and students. Articles receiving other notice will be marked with number of page, in parentheses, indicating where such review will be found.

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THE NORTH AMERICAN REVIEW: (1) Political Causes of the Business Depression, by Governor Russell of Massachusetts. He places the responsibility upon the policies of the Republican party during the latter years of its control of national affairs. (p. 49) (2) The Mission of the Populist Party, by Senator Peffer. He says, "the Populist party is an organized demand that the functions of government shall be exercised only for the mutual benefit of all the people," as if every party in the country would not make exactly the same claim. The article is a very able presentation of the spirit that differentiates his party from all others in carrying out this purpose. He discusses the various issues which it is pressing, all in the interests of a greater number of the people than the policies of the other parties. There is also a symposium on the Hawaiian situation. Eugene Tyler Chamberlin regards the action of Minister Stevens as an invasion of Hawaii, and contrary to the spirit and policy of our government. Ex-Minister Stevens contributes a plea for the annexation of Hawaii. Hon. W. M. Springer considers our present duty to be a redress of the wrong committed by Minister Stevens. He is not in favor of annexation, but that the people of the islands shall be permitted to govern themselves freely and independently, our only duty being to protect them from outside influences inimical to their development. (4) Edward Marshall contributes some notes and comments on "New York Tenements."

THE QUARTERLY JOURNAL OF ECONOMICS: (October) (1) The Duties on Wools and Woolens, by Prof. F. W. Taussig. He considers the development of these industries under a protective tariff, and the probable effect of the proposed revision. He does not think the protective tariff any advantage, therefore it is not clear that free wool will

work any catastrophe. (2) The Place of Abstinence in the Theory of Interest, by T. N. Carver, of Johns Hopkins University. The writer seeks to show that the productivity and the sacrifice theories of interest are to be harmonized. (3) Value of Money, by F. A. Walker, a paper read before the American Economic Association at Chicago, in September, 1893. His opinion is that the value of money is determined by the relation of the supply to the demand. (4) The Prussian Business Tax, by Joseph A. Hill, is an interesting description and discussion of this form of taxation.

**BULLETIN OF THE NATIONAL ASSOCIATION OF WOOL MANUFACTURERS:** "A Fighting Chance" for the American Wool Manufacturers, by Secretary North, is a consideration of and a reply to some of Professor Taussig's conclusions in the *Quarterly Journal of Economics*, showing that the protective tariff has been a decided advantage, and that the proposed revision will be disastrous. The testimony given before the Ways and Means Committee on the subject of the tariff on wools and woolens is given in full.

**THE ECONOMIC JOURNAL:** (Quarterly) (1) Ethics and Economics, address of Right Hon. G. J. Goshen, M.P., before the third annual meeting of the British Economic Association. He laments the only too evident hostility between ethics and the economics of the schools, and urges efforts toward reconciliation. (2) The Agricultural Problem, by W. E. Bear, is simply introductory to the subject. (3) Labor Federation, by Clem. Edwards, is part II of a series. It is historical, giving particulars concerning organization from 1830 to the present time. Other articles, the book reviews, and notes make the number very interesting reading.

**ANNALS OF THE AMERICAN ACADEMY:** (Bi-monthly) (1) Interest and Profits, by Arthur T. Hadley. The writer regards interest as the stated price paid for the control of industry, or commuted rent. Profits are of the same nature, only not fixed in advance, but due to skill in management, whereby there is an excess remaining after payment of costs. (2) The Austrian Theory of Value, by S. M. Macvane, continues the discussion with Prof. von Weiser, in which are clearly shown some defects of the Austrian definitions. The personal notes are full of interest, while the book reviews are valuable.

**THE FORUM:** (1) Necessity for Immediate Tariff Reduction, by A. Augustus Healy. He wants a low tariff in order to enlarge our export trade. (2) A Plan for an Automatic Business-like Tariff, by William J. Coombs, M.C. The

writer favors a tariff for revenue only, levied upon partially manufactured materials, articles of luxury, and a little upon manufactured articles so as to afford incidental protection. (3) Need, not of More Money, but of Better Exchange, by T. G. Shearman, advocates "the establishment of sound, safe banks of deposit," conveniently located to assist farmers in the transaction of their business. (4) Uses of Rich Men in a Republic, by Frederick Garrison. This paper is for rich men to read. It is intended to inspire more deeds like those of Cooper, Childs, and other benefactors of our race.

**POLITICAL SCIENCE QUARTERLY:** (1) The Concentration of Wealth, by George K. Holmes, contains some interesting deductions from census reports. (2) The Economic State, by Professor Lindley M. Keasley, gives reasons for including the state among the factors of production. (3) Villianage in England, by J. S. Leadham. A review of Mr. Vinogradoff's book upon the subject. (4) Professor A. Ross, also, has an extended review of the Duke of Argyle's latest work, "The Unseen Foundation of Society."

**THE AMERICAN JOURNAL OF POLITICS:** The South for a Protective Tariff in 1896, by Guy C. Sibley, of the Mobile bar, who believes that the experiences of the past year, coupled with the industrial changes which have occurred in the South since the close of the war, will tend to make a large vote for protection in southern states at the next national election. (2) Industrial Depressions, Their Cause and Cure, by Frederick H. Cooke, who is of the opinion that the present industrial depression really commenced twenty years ago, and has continued, though temporarily lost sight of. The cause is "under-consumption." The cure is the development of a body of consumers by increasing the wages of the laboring classes. (3) John J. O'Neil contributes an article, advocating a "graduated income tax."

**HOME MARKET BULLETIN:** The December number of this organ is full of pertinent criticisms of features of the Wilson tariff bill, and contains the speeches delivered at the annual dinner by the noted Republicans, Messrs. Hoar, Greenhalge, McKinley, Reed, and others. The entire contents make interesting and instructive reading for the protectionist side of the tariff question.

**THE INTERNATIONAL JOURNAL OF ETHICS:** (Quarterly) What Justifies Private Property? by W. L. Sheldon. The answer, "We hold all that we possess as a trust," is not sound, either from the historical or economic point of view, although the writer would have us think both.

- REVIEW OF REVIEWS:** Character Sketch of Tom Mann, the English Labor Leader, by John C. Carlile.
- ELECTRICAL ENGINEERING:** W. S. Crosby contributes a paper, opposing government control of railways and telegraph.
- BANKING LAW JOURNAL:** Secretary Carlisle's address before the New York Chamber of Commerce, 1893.
- CASSIER'S MAGAZINE:** An Engineer's View of the Money Question, by A. F. Nagle. The writer favors a single gold standard.
- ATLANTIC MONTHLY:** Democracy in America, by Francis Newton Thorpe. A very inconsequential article. (2) Ideal Transit; a beautiful dream, but hardly practical.
- THE NINETEENTH CENTURY:** Socialism in France, by Yves Guyot, a historical survey of the development of socialism, its various demands upon the government for legislation, its inconsistencies and mistakes, and its present tendencies.
- THE UNION PACIFIC EMPLOYEES' MAGAZINE:** This admirable magazine shows the best side of the labor union. Its editorials are full of profitable discussion, while the remainder of its contents is wisely selected from exchanges.
- THE FORTNIGHTLY REVIEW:** The Unemployed, by Rev. Canon Barnett, considers the various suggested methods for relieving the present conditions of laborers, who are, in such large numbers, unwilling or unable to secure employment.
- THE CHAUTAUQUAN:** Village Life in Ireland, by Prof. J. P. Mahaffy. Interestingly descriptive, and useful for a study of social conditions. (2) What Causes Depressions of Trade, by Lawrence Irwell. Answer, over-consumption. Not clear or satisfactory treatment. The writer does not know what he means, or is unable to express it. (3) The Social Condition of Workingmen, by Ralph D. St. John. Deductions from annual reports of the National Bureau of Labor. An instructive article.
- NEW OCCASIONS:** This little magazine contains the address by Lewis G. Janes, before the Brooklyn Ethical Association, on "Cosmic Evolution as Related to Ethics," and the ensuing discussion. Other articles are: An Alien Labor Tariff, by Charles G. Brown, who believes that a "properly framed alien labor 'tariff law'" would be beneficial to our country, in discouraging immigration, increasing the revenue, and the production of better citizens; in The Silver Question and the Tariff, A. H. Colton proposes "to remit all import duties on raw materials and merchandise coming from foreign nations who accept our present issue of silver dollars in payment of such goods."

## Among the Books.

### HISTORY AND THE METHODS OF TEACHING HISTORY.

*English History for American Readers.* By THOMAS WENTWORTH HIGGINSON AND EDWARD CHANNING. New York: Longmans, Green & Co. 1893. pp. 334.

*A Brief History of Political Parties in the United States.* By J. L. PICKARD, LL.D. Bloomington, Ill.: Public School Publishing Co. 1892. pp. 60.

*The French War and the Revolution.* By WILLIAM MILLIGAN SLOANE, Ph.D., L.H.D. New York: Charles Scribner's Sons. 1893. pp. 409.

*A Pathfinder in American History.* By WILBUR F. GORDY AND WILLIS I. TWITCHELL. Boston: Lee & Shepard. 1893. Two parts in one volume. pp. 102 and 261.

*Reference History of the United States.* By HANNAH A. DAVIDSON, M.A. Boston: Ginn & Co. 1892. pp. 189.

*Studies in American History.* By MARY SHELDON BARNES AND EARLE BARNES. Boston: D. C. Heath & Co. 1892. pp. 431. Teachers' Manual, pp. 155.

*Three Episodes of Massachusetts History.* By CHARLES FRANCIS ADAMS. Boston: Houghton, Mifflin & Co. 1893. 2 vols. pp. 1067.

*The United States, an Outline of Political History. 1492-1871.* By GOLDWIN SMITH, D.C.L. New York: Macmillan & Co. 1893. pp. 312.

Mankind may not solve the mystery of its destiny. The whither of human existence may not be known beyond the circle of speculative philosophy and of theology, but the facts of man's development are within the knowledge of all, and their study is of vital importance to the welfare of mankind. With many perturbations, the human race has advanced from an almost purely animal condition to the stage of civilization witnessed in Europe and America. The story of this evolution has been graven in stone, in social institutions, and in the industrial, political, and moral character of man. The importance of its study it is difficult to over-estimate. History reveals the results of the efforts of mankind to gain a living, to govern itself, to mingle in social peace and quiet, and to realize ever higher and higher ideals. It is only by the study of past

experiences that we can to-day consciously direct our public and private life along lines of rational development.

Nor is it enough simply to know the facts. The historian has not done his duty who only gives us a list of days and dates, a barren catalogue of men and measures. Some facts like "some books are to be tasted, others to be swallowed, and some few to be chewed and digested." The philosophic historian winnows the grain, and separates facts of purely personal interest from those of special significance in the history of civilization. He should so tell the story that it will teach a lesson to humanity. Through such historical studies we should ever be learning more of each social movement. Forces now stand revealed which were hidden to those who only had the nearer view. We can see in the nineteenth century why the factory system arose in England and not in Spain; why the American revolution established a republic, and the French did not.

It is the recognition of the importance of this historic sequence, and the development of a public historic sense, that has led to a marked change in the methods both of writing and of teaching history. School training in economics, politics and history has heretofore had little to do with actually fitting young men and young women for the duties of citizenship. But to-day, in many of our educational institutions, the dry facts are no longer forced on the unwilling student after the "cram-it-in, ram-it-in, jam-it-in, any-way-to-get-it-in" style of teaching. Students are invited rather than forced; attention is secured first of all by arousing the interest; the work is adapted to the mental requirements of the class; the reason of the facts is presented; the historic "why" is shown to be quite as important as the knowledge of the facts themselves, and their immediate practical significance is kept constantly in view.

While none of the books in the above list is vastly important, all but the first two in some measure conform to this principle. Neither of these shows accurate knowledge, philosophic insight and spirit, or that literary power which makes truly short histories possible. The first purports to be devoted to "those events in English annals which have had the most direct influence upon the history and institutions of our own land," but it is filled with the most insignificant anecdotes about battles and kings. It would be exceedingly difficult,

for instance, to show any direct relation between our American institutions and King Alfred's letting the cakes burn, Canute's commanding the sea to stand still, the quarrel of William Rufus about the price of his boots, or the drowning of an Earl of Warwick in a butt of Malmsey wine, which latter fact is twice referred to, as is also the reason for the name Normandy. The book is neither good literature nor good history; pedagogically it is several generations behind the age; and even the excellence of typography, maps, and the numerous illustrations should not redeem it from being consigned to oblivion.

A like fate probably awaits ex-President Pickard's attempt to outline the history of political parties in the United States. The work shows no conception of the evolution of American life, character and institutions; apparently consists of extracts from lectures; includes several inaccuracies, but does not contain an index; and offers personal anecdotes in place of careful explanation of the causes which led to the particular results tabulated in the very complete chart at the end of the pamphlet. A philosophical commentary on such a chart would make a good text-book for school instruction, but this is yet to be written.

Professor Sloane's volume, on the other hand, is scholarly, has literary value, and will be of use in developing higher sense of the dignity of American life. The book is the second of a series of five, and deals with the period between the seven years' war, when the colonies freed themselves from the fear both of the aborigines and of a civilization apparently in league with the savage, surrounding them on two sides, in every way hostile to the democratic institutions most cherished in the English colonies, and the treaty of Paris (1783), by which His Majesty George III acknowledged the United States "to be free, sovereign, and independent States." It is the period when the difference between the English in England and the English in America became evident, and these parts of the Anglo-Saxon race began the separate development of those principles of government which had found expression in the revolution of 1688, and which have since resulted in parliamentary or cabinet government on the one side of the water and in presidential government with congressional committees on the other.

Had the author given us less of the blare of trumpets and the noise of battle, and more information concerning the industrial and commercial condition of the people, which made possible a successful revolution, he would have rendered a greater service to his readers.

The desirability and even the necessity of general culture and special schoolwork in American history and politics cannot be questioned. Democracy has its condition in an intelligent patriotism, to develop which is an objective point of our public school system. It is to aid in securing this that the "Pathfinder" was written by two teachers in the public schools of Hartford, Conn. The authors present a course of study which shall begin in primary grades and extend through to the high school. While the book deals with the pedagogical side of United States history, it constitutes a complete guide to the literature arranged in connection with courses which are adapted to the age, needs, and time of the reader or pupil; it points out what material is of most use, and where it is to be found in the best shape, and offers excellent suggestions how to make the best use of it in class-room or in a course of reading. While the value of any book depends very largely on the personality of a teacher, and the manner in which he utilizes a text-book in class-room work, this particular work cannot fail to be of great assistance to teachers of American history who are conscious alike of their duty and their opportunity, be their field the elementary school or the more advanced grammar grades.

The same method is carried into more detail, for the work of the later years in high school and academy, in Miss Davidson's reference history. The history of colonial days is still rather unduly developed, but the grouping of topics and selection of references renders the work at once eminently interesting and undeniably scientific.

The attempt to take history into the laboratory, however, is most complete in Mrs. Barnes's "Studies," which consists of extracts from historical documents—letters, journals, charters, statutes, autobiographies, monuments, and other records of the past—with just enough explanatory matter interspersed to hold the whole together. Without doubt great labor has been expended in selecting the extracts, and they are unquestionably

well made; but one may question whether this revolutionary method has not here been carried to a rather dangerous extreme. Practice in handling original sources is beneficial, under good guidance; but all one's knowledge of history cannot be so acquired. What would become of historians? Is the work of such men as Bancroft, Hildreth, and Parkman to go for nothing? Should not such documents be relegated to the teacher's manual which accompanies the small and handy text for the use of the pupil? It is to be hoped that a real history of our country, in a single volume, may shortly be produced.

Mr. Adams, in the two volumes of Massachusetts history, treats of the settlement of Boston Bay, the Antinomian controversy, and a study of church and town government. The story of the settlement of Boston Bay has often been heard, and no materials are at hand from which to learn new facts, yet the author has given us a fresh and interesting narrative of the events, exciting and saddening, which occurred from the time of the visit of John Smith, in 1614, to the year 1646, although the history of some individuals of prominence is traced to the close of their lives. His treatment of the Antinomian controversy is intensely absorbing, clearly presenting the origin of this celebrated affair and the development of its final crisis. The picture of the trials of Mrs. Hutchinson, Rev. Mr. Wheelwright, and others is a splendid illustration of how much more influential in the colony of Massachusetts was the spirit of the Old Testament than the New. Persecution, partisanship, and repression of liberty are the characteristics of colony life that are seen most clearly, while love and charity are only evident at brief moments. The incidents of the trial show how closely united were the church and state, which is also clearly presented in the third study. Yet the church and town differed in some respects. "An absolute, almost rude, political equality prevailed in the town meeting, and was rigidly enforced by custom amounting to a common law. On the other hand, a degree of deference, now almost unknown, was on the Sabbath day systematically paid within the walls of the meeting house, not only to age and official standing, but to social and family distinctions." The same spirit was manifested in Harvard College for a century and a half. The feeling of reverence

for the church as a consecrated place was unknown. Secular and political gatherings were held in it. For a well-told story of those early days, Mr. Adams has certainly conferred a favor upon us. His studies are worthy a wide reading.

Goldwin Smith's new book is written from the English point of view. Everything is seen through English eyes. For these reasons it is the very book that Englishmen ought not to read, because its influence will tend to make them miss what is really valuable and vital in our history, and true pictures of our institutions will not be seen. In no sense is it a "Political History of the United States." It is a well-written review of prominent statesmen, exceedingly rhetorical in method of statement, with some healthful criticism, but with very harmful omissions. In the Colonial period, it is sufficiently free from religious bias to recognize the virtues of the Puritans, and at the same time to see their points of weakness. In the Revolutionary period, it is strongly pro-English, admits some mistakes on the part of England, but with many blunders on our side. The great leaders appear almost without any virtues. Jefferson, Adams, Patrick Henry and others are berated. Washington alone escapes. Hamilton receives some compliments for his fiscal policy, but is stabbed for his protective views. Protection is sneered at at every opportunity, and made responsible for everything which is found open to criticism. Its attitude toward slavery is right, because the English spirit is right on the subject, but, strange as it may seem, it has no criticism of the policy of England toward the United States during the Civil War. On the whole, the book is a disappointment. It contributes nothing to historic literature to justify its writing or publication.

## Books Received.

- The Religion of Science.* By DR. PAUL CARUS. Chicago: The Open Court Publishing Co. 1893. pp. 103.
- Primer of Philosophy.* By DR. PAUL CARUS. Chicago: The Open Court Publishing Co. 1893. pp. 232.
- Factors in American Civilization.* Studies in applied sociology. Popular lectures and discussions before the Brooklyn Ethical Association. New York: D. Appleton & Co. 1893. pp. 417.
- National Consolidation of the Railways of the United States.* By GEORGE H. LEWIS, M.A. New York: Dodd, Mead & Co. 1893. pp. 326.
- Report of the Pennsylvania Bureau of Industrial Statistics.* Vol. XX. By ALBERT S. BOLLES, Chief of the Bureau. Edwin K. Meyers, State Printer, Harrisburg. 1893. pp. 547.
- The Literature of Philanthropy.* Edited by FRANCES A. GOODALE. New York: Harper & Brothers. 1893. pp. 205. (The Distaff Series.)
- The Cosmopolis City Club.* By REV. WASHINGTON GLADDEN. The Century Co., New York. 1893. pp. 135.
- A Cityless and Countryless World: an Outline of Practical Co-operative Industrialism.* By HENRY OLERICH. Gilmore & Olerich, Holstein, Iowa. 1893. pp. 447.
- Washington Brown, Farmer.* By LEROY ARMSTRONG. Chicago: Charles H. Kerr & Co. 1893. pp. 326.
- The Story of Our Post Office.* By MARSHALL CUSHING. Boston: A. M. Thayer & Co. 1893. pp. 1034.
- Men of Business.* By W. O. STODDARD. New York: Charles Scribner's Sons. 1893. pp. 317. (Men of Achievement Series. Illustrated.)
- Statesmen.* By NOAH BROOKS. New York: Charles Scribner's Sons. 1893. pp. 347. (Men of Achievement Series. Illustrated.)
- Ai: A Social Vision.* By CHARLES S. DANIEL. Boston: The Arena Publishing Co. 1894. pp. 296. (Library Series, No. 26.)
- Labor and the Popular Welfare.* By W. H. MALLOCK. London: Adam and Charles Black. 1893. pp. 336.
- Johns Hopkins University Studies in Historical and Political Science.* Eleventh Series, XI-XII. *Local Government in the South and the Southwest.* By Prof. E. W. BEMIS AND STUDENTS IN VANDERBILT UNIVERSITY. *Popular Election of United States Senators.* By JOHN HAYNES. pp. 118.



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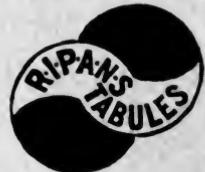
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GEORGE GUNTON, EDITOR.

Vol. VI

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# SOCIAL ECONOMIST

FEBRUARY, 1894

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## The Delusion About Prices.

The subject of prices occupies the pivotal position in economic science and is really the core of industrial statesmanship. All public policies affecting wages, rent, interest, profits, land, silver, tariffs, revenue, taxes, corporations and so-called monopolies have their tap root in the question of prices, because it is through the medium of prices that all economic distribution of wealth takes place.

Nearly two hundred years ago (about 1698) Gregory King formulated a theory that prices are governed by supply and demand, the price rising or falling in a definite ratio to the shortage or excess of supply. Despite the exposures of this doctrine by modern economists, most popular writers and speakers still cling to it as the veritable law of prices. Reliance upon this theory is especially conspicuous just now in the tariff discussion, as it was recently in the debates on silver.

Those in favor of free trade argue that wage laborers are not benefited by protection, because wages are governed by supply and demand of laborers. They also assure farmers that protection affords no benefit to them, because the price of wheat is determined in Liverpool by supply and demand. They therefore conclude, with a good deal of assurance, that since through the law of supply and demand laborers get free-trade wages and farmers free-trade prices, all benefits of protection go to manufacturers and capitalists in monopoly prices which are shielded from the operation of the law of supply and demand by tariffs.

Hence it is not surprising that Hon. Bourke Cockran was so dumfounded in Congress, January 15, when informed by the Hon. Thomas B. Reed that the theory of supply and demand is an exploded back number in economic science. After recovering from the surprise of Mr. Reed's announcement, Mr. Cockran said: "I had never supposed that the value of any material or element of wealth depended upon any other law than that of supply and demand. . . . I am willing to leave this dispute on the issue which he has framed. If the laws of supply and demand do not control the price of labor, then you gentlemen of the minority are right. If the laws of supply and demand do control the price of labor, then, according to your own statement, we are right." So sure was Cockran that wages and prices are determined by supply and demand, that he was willing to risk the virtue of all his oratory and that of the whole free-trade party regarding wages and prices, and also the fate of the Wilson bill and the future of the administration party, upon the economic validity of the supply and demand doctrine.

A peculiar feature of this theory is that it was drawn exclusively from a study of agricultural prices. On the assumption that what is true of the price of one product is true of all, subsequent writers have transferred the Gregory King formula of farm prices to all prices, in much the same way as many people erroneously assume that because a duty on raw sugar or silk would increase the price to the full amount of the duty, the same will be true of all other products. Thus Thorold Rogers, while admitting that "King applies it to the harvest only," without any explanation, declares it to be a law of prices "applicable to all values whatever;" and Mill says, "Finally, there are commodities of which . . . the value never depends upon anything but demand and supply. This is the case in particular with the commodity of labor." This method

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<sup>1</sup> Economic Interpretation of History, p. 55.

<sup>2</sup> Principles of Political Economy, Vol. 2, p. 554.

has been largely followed by American writers who have adopted this early English formula bodily; for instance, Perry says, "The value of labor, the value of commodities and the value of claims are each controlled by the grand law of demand and supply."<sup>1</sup> The same is true of our great quasi-economic and political journals. The New York *Journal of Commerce*, *Bradstreet's*, the New York *Tribune*, and the New York *Sun* have recently had prominent editorials discussing price from this point of view, all drawing their illustrations from farm products. The New York *Sun* of January 2d had an elaborate article by Mr. C. Wood Davis, seriously insisting that prices are governed by the law of demand and supply, "being in close accord with that law of prices produced by Gregory King in 1698, his axiom being that an advance in price was in a definite ratio to the defect in the supply." Mr. Davis also takes agricultural products, limiting himself to beef and corn.

Here we have a striking illustration of the power of tradition and authority over modern and presumably original thinking. There was some excuse for Gregory King confining his investigations of price phenomena to agricultural products, but there has been no such excuse for any writer either here or in Europe since 1840. If the ratio between demand and supply is really the economic law of prices, then it must be applicable to the prices of manufactured articles and labor as well as of farm products. Before we are justified in accepting a theory as the law of prices, we are bound to ask, first, "Does it accord with the facts?" and second, "Does it explain the facts?"

Now, in the case of agricultural and garden products, there is sometimes, not always, a seeming similarity between the movement of prices and the supply and demand of the products; that is to say, an abundant crop will be usually followed by a fall in the price, and *vice versa*. But is this true of prices in general and of wages? If it is not, we must seek some other explanation of the movement of agricultural prices.

<sup>1</sup> Political Economy, p. 211.

Take the case of wages. It is not, and never was, true of the price of labor. There is not a single country in Christendom in which, during the greater part of this century, the supply of labor has not been in excess of the demand. This is demonstrated by the ever-present army of able-bodied paupers and unemployed. Despite the fact that in all the large cities of this and other countries there is constantly a considerable number of unemployed, there has been an almost steady rise of wages, both real and nominal, during the century and particularly since 1850. If the supply and demand theory were correct, this could not have occurred, but wages would have been depressed during the period.

If we consider the price of manufactured products, we find that the movement has been very different from that in agriculture. During the last century, and particularly the last fifty years, the prices of manufactured products have steadily fallen, though not all to the same extent. Since 1830 the price of cotton cloth has fallen about 75 per cent, steel rails 85 per cent, petroleum nearly 80 per cent, transportation over 50 per cent, telegraphy 70 per cent, clothes, furniture, hardware, jewelry and other manufactured products in varying degrees, while the prices of agricultural products, with a few exceptions, have increased. Why is there this disparity in the movement of prices of manufactured and agricultural products? It cannot possibly be due to the difference in the relative supply and demand in the classes of products. For instance, in the cases of petroleum, telegraphy, sugar and transportation the great complaint is that these lines of industry are in the hands of monopolies, while of farm products it is complained that the competition is too severe for farmers to make any profits, and yet the price of products under monopolies has fallen, the price of those under greatest competition has risen. As a matter of fact the demand and supply of cotton cloth, furniture, telegraphy, petroleum, sugar and all other lines of manufactured pro-

ducts have been as closely adjusted as have the demand and supply of agricultural products.

Of course, everybody who stops a moment to reflect knows that the fall in the price of transportation and cotton cloth is not due to any change in the ratio of supply and demand, but to the use of improved methods of production. It is the use of steam and the factory system, with their multitude of economizing devices, that has lowered the cost, and with the diminished cost the price has fallen. This infinite variation in the movement of prices of different articles can no more be explained by the ratio of supply and demand than by the rising and falling of the thermometer. The ratio between the supply and demand is similarly maintained in all well-established industries by the very self-interest of those who furnish the supply, and yet we find that the permanent movement of prices differs with almost every different article.

The real force in this price movement is not the ratio of the demand and supply but the cost of production; that is to say, that the price of any given article tends to equal the cost of continuous production of the most expensive part of the supply in that market. Now, it is because economizing devices which reduce the cost of production are not used to an equal extent in the production of all commodities, that the fall in price is not uniform. In other words, the permanent fall in prices is everywhere proportionate to the fall in the cost of production per unit of product; hence the price of one article is reduced 80 per cent, another 60 per cent, another 30 per cent, and another 10 per cent, while the ratio of supply and demand of all is substantially the same.

All this is just as true of agricultural prices, which have not fallen, as of manufacturing prices, which have. For example, in 1800 the average price of beef was \$ .047 per pound, in 1883 it was \$ .142 per pound, an increase of 202 per cent. Mutton, \$ .056 per pound in 1800, and \$ .153 in 1883, an increase of 173 per cent. Butter was \$ .185

per pound in 1800 and \$ .325 in 1883, an increase of 75 per cent, while sugar in 1800 was \$.187 per pound and only \$.094 in 1883, a reduction of 50 per cent, and it is still lower now. No one acquainted with price phenomena will seriously pretend that the rise of over 200 per cent in the price of beef, 173 per cent in the price of mutton and 75 per cent in the price of butter is due to a permanent under-supply of beef, mutton and butter during this period; and that the fall of 50 per cent in the price of sugar is due to an over-supply.

Of course, the rise in the price of beef, mutton and butter is due to the fact that the cost of labor and other conditions surrounding the production of beef, mutton and butter has increased, and very little machinery, which reduces the cost of production, is employed in the production of these things. Although sugar is an agricultural product, its price has fallen over 50 per cent; but this is because in the process of sugar refining immense labor-saving machinery is used and so the cost of production has been diminished.

While agricultural prices in general have not permanently fallen, but on the whole rather risen, there have been great fluctuations in the prices of farm products from year to year. This is easily explained on the same principle, as every farmer knows large crops for a given year lower the cost of production per unit. The total cost of a large crop being but slightly greater than the total cost of a small crop, every added bushel per acre of yield is a diminished cost of production per bushel. It is then true that from year to year the increased or diminished supply will give a fall or rise in the price, because such increase or diminution brings with it a reduction or an increase in the cost of production, but if the increased production came by increased acreage with a similar yield per acre, then the price would not fall in the same way. But the fact is that increase of acreage, like increase of factories, is usually undertaken only in response to increased demand

for the product; while increased or diminished yield per acre may depend entirely upon the season, and if it lessens the crop, it increases the cost and raises the price, and conversely, if it increases the crop, it diminishes the cost and reduces the price.

In order to give the supply and demand theory a more scientific flavor, it will be remembered that Mr. C. Wood Davis, in the elaborate article referred to, sets up the claim that the price varies inversely to the ratio of the demand per capita and the supply. If this formula is correct, the fact that beef is over 200 per cent, mutton 173 per cent and butter 75 per cent higher than they were in 1800 shows that we are producing about 75 per cent less beef per capita, about 50 per cent less mutton and 25 to 30 per cent less butter per capita than we did in 1800, all of which is just the reverse of the facts. That the per capita production of all these commodities has vastly increased during the century is too well known to need proving, but to prove the working of this law, Mr. Davis furnishes a table giving the production and price of corn, showing the aggregate annual production, price per bushel and product per capita.

This table shows that from 1870 to 1874 the average product of corn per capita was 24.4 bushels; the price was \$.453 per bushel. In 1873 it was 22.4 bushels per capita and the price was \$.422 per bushel. In 1874 the product was 19.9 bushels per capita and the price rose to \$.582 per bushel, while in 1881 with a product of 23.2 bushels per capita the price rose to \$.636 per bushel. It will be seen from these facts that instead of the price always moving inversely to the product per capita, it frequently goes the reverse way. According to the supply and demand theory, the price in 1881 should have been scarcely any higher than in 1870-74, slightly lower than in 1873 and very much lower than in 1874. Whereas, it was \$.183 per bushel higher than in 1870-74, \$.214 higher than in 1873 and \$.054 higher than in 1874.

Now if instead of taking the product per capita we

take the product per acre, we shall find that much of this anomaly disappears and that the price goes much more nearly with the quantity. According to Mr. Davis' figures, in 1873 the 22.4 per capita product was furnished by a yield of 23.8 bushels per acre; the price was \$.422 per bushel. In 1874 the low per capita product of 19.9 bushels was furnished by a yield of only 20.7 bushels per acre, which sold at \$.582 per bushel. The apparently anomalous year of 1881 with the 23.2 per capita product was furnished by the small yield of 18.6 bushels per acre, and hence the price rose to \$.636 per bushel. It will thus be seen that while the per capita product in 1881 was not especially small, the yield per acre was exceptionally low, proving that the greater supply was furnished by larger acreage rather than an abundant crop, and accordingly the price was \$.214 per bushel higher than in 1873, although the per capita product in 1873 was .8 bushels less than that of 1881. But turning to the yield per acre, we find that in 1873 it was 5.2 bushels greater than in 1881, which explains this otherwise enigma. The reason that the price follows more closely to the yield per acre than to the product per capita is that the yield per acre directly affects the cost per bushel. Hence it is not surprising that in 1881 corn should be \$.214 higher than in 1873, although the per capita product was actually greater, since the yield per acre was 5.2 bushels less and consequently the cost per bushel was much higher.<sup>1</sup>

If we apply the supply and demand doctrine to wheat prices we find a similar anomaly, as shown in table<sup>2</sup> on the following page.

<sup>1</sup> It will be observed that these figures represent the average per acre yield for the whole country. Therefore they do not show the full effect of the cost of production upon the price. In order to do that fully we must compare the price with the per acre yield of the most expensive part of the supply. This would be approximately represented by the most expensive twenty-five per cent of the farms contributing to the market. The price would then be found still more closely to follow the per capita yield. Upon the same principle, on ranches of 1,000 acres, beef costs \$.92½ per 100 lbs.; on 2,000 acres, \$.85; on 6,000 acres, \$.75; on 15,000 acres, \$.60; on 30,000 acres, \$.50, and on 50,000 acres, \$.40.—*Wells' Economic Changes*, p. 99.

<sup>2</sup> *Journal of Commerce*, December 30, 1893.

	TOTAL CROP.	PER CAPITA PRODUCT.	PRICE AT FARM.	NEW YORK PRICE.	DIFFERENCE.
1880.....	498,549,868	10	95.1	123.5	28.4
1881.....	383,280,000	7.5	119.2	139	19.8
1882.....	504,185,470	9.6	88.2	109	20.8
1883.....	421,086,160	7.9	91.1	113	21.9
1884.....	512,765,000	9.4	64.5	84	19.5
1885.....	357,112,000	6.4	77.1	93	15.9
1886.....	457,218,000	8	68.7	87	18.3
1887.....	456,329,000	7.8	68.1	88.5	20.4
1888.....	415,868,000	6.9	92.6	105.37	12.77
1889.....	490,560,000	8	69.8	83.25	13.45
1890.....	399,262,000	6.4	83.8	103.37	19.57
1891.....	611,780,000	9.6	83.9	104.5	20.6
1892.....	515,949,000	8	62.4	76.7	14.3
1893.....	400,000,000	6	52.1	67.56	15.46

From these figures it will be seen that the product was 10 bushels per capita in 1880, the largest per capita product in the whole thirteen years, yet the price at the farm was \$.951 per bushel as against \$.521 per bushel in 1893 when the product was only 6 bushels per capita, thus showing that with a decrease of 40 per cent in the per capita product the price fell 45 per cent. Again, in 1881 with a per capita product of 7.5 bushels the price was \$1.192 per bushel against \$.681 per bushel in 1887 with per capita product of only 7.8 bushels, and \$.521 a bushel in 1893 with a 6 bushel per capita product.

All this so flatly controverts Mr. Davis' theory that prices "rise and fall as diminishes or increases the per capita supply of grain," as to render comment superfluous. All this seeming contradiction is easily explicable on the cost-of-production theory. Having a world market, wheat of similar quality from all countries is sold in Liverpool, London and other centers at substantially the same price. By the very economic forces which govern all production, this price necessarily tends to equal the cost of furnishing the dearest portion that is necessary to the supply of the world's market. The producers of that dearest portion will keep the price up to their cost, and the competition of all above will press it down as nearly to that point as possible,

consequently, to the extent that the world's price of wheat is uniform, its uniformity tends to equal the cost of this dearest portion, which will otherwise be withheld.

That is why we may have a very large per acre product in this country and still not have a proportionate fall in the price, because there may be a lower per acre yield in some other country which furnishes the dearest portion. In this case, our large crop will result in large profits instead of low prices. There might be a similar aggregate yield throughout the world with more even yield everywhere and the price be much lower, because the per unit cost of the dearest portion would, in that case, be much less. That is exactly what took place in 1892. The crop was 115,949,000, or two bushels per capita larger in 1892 than it was in 1893, and yet the price at the farm was \$.103 a bushel higher in 1892. The reason for this was that the per acre yield of the Russian crop was very small, verging on a famine yield, thus raising the cost per bushel of Russian wheat, and as in 1892 the Russian supply constituted the dearest portion in the world's market, the American price was held up much higher than our own cost of production would have kept it, and consequently our farmers obtained liberal profits, which made 1892 a most prosperous year for American farmers.

If this principle was more generally understood, much of the popular delusion regarding prices would disappear. The free silver advocates would desist from the absurd claim that prices of commodities are governed by the value of silver, and would see that the value of silver is governed by the cost of its production in the poorest mines necessary to supply the existing demand, and public men like Hon. Bourke Cockran would be spared the humiliating admission that he "Had never supposed that the value of any material or element of wealth depended upon any other law than that of supply and demand," an assumption as inconsistent with sound economics as pre-Copernican astronomy with modern science.

## A "Revenue Only" Tariff Unconstitutional.

Prior to the Democratic convention of 1892 the notion that if the duty on an imported article had the effect to induce the production of the domestic article in a manner to supersede the foreign, this effect would strike back at its cause and render the duty a violation of the constitution, found only a sporadic and nominal advocacy. Jefferson Davis had made this fugitive chimera the basis of an article in *Belford's Magazine*, but Jefferson Davis was not acknowledged as good Democratic authority north of the old slave, rebel and war line. Here and there some, eager to take an extreme position, or to prove their zeal for the theory of free trade, would use it as a tom-tom to make a noise. It is only a few years since the Democratic national convention adopted, without a dissenting vote, full-blooded protectionist resolutions drawn by one of America's two greatest theoretic apostles of protection, viz., Henry C. Carey, and still fewer since it nominated the other of America's two best-known advocates of high tariff, Mr. Horace Greeley, as its candidate for the Presidency. In the persons of Carey and Greeley, therefore, the national Democratic party stood committed officially and authoritatively to protection until 1892. This attitude had dated back to 1791. It had embraced Jefferson, Madison, Burr, the Clintons, Tammany Hall in 1817, Calhoun, Jackson, Buchanan, Tilden, Randall, and even Mr. Cleveland on the occasion of his first campaign for the Presidency.

When, therefore, the Democratic party, in its Chicago convention of 1892, suddenly and peremptorily planted itself on the platform that a protective tariff is unconstitutional, it assumed a position which only one Democratic statesman, Mr. Jefferson Davis, had ever previously contended for. In the Northern States such an utterance would be one to strike the "loud world breathless" by its inherent absurdity. It was, therefore, generally looked

upon, as Mr. Bourke Cockran expressed it, as a platform to "get in" on and not to stand upon.

Whether a tariff law is constitutional, does not depend upon any party declaration; it is a purely judicial question. It can be forever set at rest at any moment by any importer of an article on which there is a protective duty, by simply declining to pay the duty, and, upon the article being seized by the customs officers, pleading that the statute under which it is levied operates to protect a domestic industry, or to relieve a certain class of domestic taxpayers from the payment of a tax, and that it is therefore unconstitutional. Why has it never occurred to any one of the fifty thousand lawyers in the United States, all so promptly and even abnormally ingenious in backing up false, plausible or possible pleas, to defend a single imported parcel or package from the payment of the duty on this ground? Prone to defrauding the Government of its revenue by quibbling and higgling, by tricks and devices, as so many importers are, why have they neglected this broad, wide-open door by which to bring in immediate, absolute and universal free trade through the federal Supreme Court? There must have been at least three hundred Democratic lawyers in the national convention which adopted this view of this purely judicial question. Why did it not occur to one of these lawyers that, if the convention's resolution contained any germ of truth, he had all his life been individually responsible for the continuance of protection, since he could at any moment have exploded it by importing a single woolen blanket, refusing to pay the duty of 110 per cent, and upon its seizure filing a plea of unconstitutionality?

There are two reasons why no such plea has ever been filed. These are: First, the most ignorant, biased or fanatical of free-trade lawyers would not subject himself to be "laughed out of court" on such a plea. Second, the more intelligent, acute and sagacious lawyers would perceive instantly that to maintain such a doctrine would nail down

the coffin lid forever on the free-trade cadaver. It would bring to judicial decision the point whether the government of the United States could be limited to a quixotic revenue policy under which all the wit of man could not sustain it in existence for a day. If all its import duties would become unconstitutional the moment they should aid a domestic industry, then it could no longer sustain itself on import duties.

To be unconstitutional a statute must purport on its face to do something which the constitution as a whole does not permit, or which it expressly or by implication forbids. The unlawful thing wherein the statute violates the constitution must be part of the statute's own substance, form and language, and not merely the action of some manufacturer, miner, farmer or merchant, which may or may not follow from its enactment. In form and language no man, lawyer, court or layman can distinguish a protective enactment from one imposed for revenue only. Here is the form in which they will appear in the statute:

(For revenue) "On tin plate  $\frac{3}{4}$  of a cent per pound."

(For protection) "On tin plate  $2\frac{1}{4}$  cents per pound."

(Doubtful) "On tin plate  $1\frac{1}{4}$  cents per pound."

Taking away the matter inserted in brackets, the form and substance of the three statutes is alike. They differ only in the rate of duty, and the question whether either will be a protective, a revenue duty or a variable duty, sometimes protecting and sometimes producing revenue only, depends not at all on anything in the statute, but wholly on the condition of the prices of tin plate in England, and on the facilities and cost of producing it here. If the cost of continuous production in England is two cents per pound lower than here, then both  $\frac{3}{4}$  of a cent and  $1\frac{1}{4}$  cents are revenue duties, and  $2\frac{1}{4}$  cents is protective. But if the price abroad rises by a cent a pound, or the cost here falls by a cent a pound, then the third rate of duty becomes protective and only the first is a revenue duty. And if the price abroad rises, or the cost of continuous production

here falls by two cents per pound, then all three duties protect.

Hence whether either of these duties is protective, or produces revenue only, depends upon a fluctuating and not a permanent fact, a fact extrinsic to the law and not intrinsic, a fact which comes and goes with the variations of the markets, with the price of iron, of wages, of oil, of rents, and with the habits of the people as to whether they use for holding fluids vessels of tin, of wood, of glass, of skin or of earth.

We say, therefore, without fear of contradiction by any one of the 50,000 lawyers of the United States, that, eager as every one of them properly is to earn fame and fee, not one of them dares to risk either by bringing a case into court. The length of ears required is too long; the quality of the bray would be too evident. Even Jefferson Davis, violently as he hated the federal revenues, and deeply as he detested a civilization consisting of the highest and more complex industries, would not stand up in court and argue that the constitutionality of a statute, and of each clause in it, could "come and go and come again" with every fluctuation of prices in the markets, so that the Supreme Court, to determine whether a duty was constitutional or unconstitutional, would have to compare the foreign with the domestic price lists instead of comparing the statute with the constitution. It would be far more absurd than to return to the ancient Roman habit of determining the movements of armies by auguries founded on the flight or cackling of geese, or basing the selection of a location for the founding of cities on a dissection of the entrails of oxen.

But its absurdity is less fatal than its destructiveness of national interest. If it could be sanctioned by the Supreme Court, it would commit *felo de se* on the very existence of the federal government. For it must be borne in mind that if the demand for it exists, there is no product of the earth, the sea or the air, of the plough, the loom or the

anvil, of civilization, barbarism or savagery, of metal, fibre or fluid, which if producible anywhere on this planet would not be produced in the United States if the duty on its importation were made high enough to yield for a time the maximum of revenue.

Meanwhile our constitution forbids us to resort to the devices for arbitrarily suppressing the domestic production which the English government has applied to tobacco in Great Britain,<sup>1</sup> or which the Dutch government on a memorable occasion applied to coffee in the East Indies. The government of the United States is prohibited from levying direct taxes except through the machinery of the State government, and when so laid all direct taxes must be made proportionate to population. Hence the federal government is utterly shorn of the power, which the parliament of Great Britain exercises in the cases of liquors and tobacco, of laying an internal tax, or suppressing a domestic production, to prevent the import duty from protecting the domestic product. The government of the United States can pass no law like those of 2 Wm. IV and 13 Vict., prohibiting the domestic cultivation of tobacco in Great Britain under penalty of fines, imprisonment, and tearing up the plants, to prevent any domestic production of the leaf from existing, lest the duty on the importation of the leaf may have a protective effect. This republic has no capacity for such despotism.

Tax officers in the United States, commissioned to lay waste even tobacco fields, so that a duty on tobacco might be permitted to produce revenue only, and not protection, would have as lively a time as King George's collectors of duties on tea met with in Boston harbor.

The government of the United States can indeed lay

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<sup>1</sup> In England, Scotland, Wales and Ireland, under statutes 2 Win. IV, Cap. 20, and 13th Vict., the cultivation of the leaf (except upon one pole only of land in the drug gardens of each of three universities) is prohibited under penalty of enormous fines of £1,600 per acre and imprisonment. Special license has been given since 1885 in England to cultivate it under such restrictions as not to interfere with revenue. In Ireland, cultivation was permitted between 1822 and 1830, and was found well adapted to the country. Then it was suppressed and made penal.

an internal revenue tax on a process of manufacture, but not on a product. The former is indirect and can be shifted. The latter is direct and cannot be shifted. But an internal tax on the process, even in the case of whiskey, cannot be balanced accurately against an import duty on the article, so as to make it equivalent to the duty and neither less nor more. When we had a \$1.25 tax on whiskey the price was not raised by above ninety cents, and often the price per gallon of whiskey that purported to have paid the tax was less than the nominal tax.

Any failure to balance the domestic tax with the import duty would leave protection to that degree, and any excess of the domestic tax over the import duty would work the destruction of the domestic production. Before, therefore, a tariff for revenue only can be possible in the United States, the federal constitution must be so amended as to vest in Congress the constitutional power either to lay a compensatory tax directly on the domestic product (not on any process incident to its production) sufficient exactly in amount to offset the import tax, or to provide for fining and imprisoning the domestic producer and destroying his product.

If, therefore, a tariff on imports cannot be levied by the government of the United States so as to produce revenue only, unless the new power is vested in Congress to tax, suppress, and extinguish the domestic production, it follows that, under the constitution as it is, a tariff for revenue only, and even the laying a single duty so that it will produce revenue only, is impossible. If the Chicago platform is right, the constitution is wrong. If the constitution is to be accepted as the higher law, then the utterance of the tentful of irresponsibles and fools let loose and gone mad at Chicago is but a wild war-whoop, and a tariff for revenue only is unconstitutional in the United States.

It is not enough that it shall destroy the domestic industry by indirection and by competition. It cannot be

set in motion, in the first instance, without embodying in the statute, which attempts to create it, a direct express power to tax the competing domestic industry out of existence, and to fine, imprison, and if needs be hang and exterminate those natives of the United States who dare to compete with the foreign product, or to defeat the revenue by producing any home product that can interfere with its collection. In India those who make salt, without paying an impost of 32*d* per pennyworth, are lashed. In Ireland those who produce tobacco are fined £1,600 (\$8,000) per acre. By such means a country can attain a tariff for revenue only. Are American institutions equal to the strain?

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### What Shall We Do With The Unemployed?

These are exceptional times, and the exceptional amount of enforced idleness justifies exceptional public measures. In the last analysis, society is responsible for all its members. Even from a strictly economic point of view, a rich community cannot afford to permit starvation. A large part of the loss inflicted upon society in times like these must necessarily be borne by the rich. Fortunately, the rich are for the most part as willing as they are able to contribute to the necessities of the occasion. The only question is how to do it.

There is properly prevalent a distrust of the efficacy of charity to meet the needs of the situation. Workmen who have always been self-supporting abhor the idea of receiving charity. They would almost rather starve than to have to undergo the degrading ordeal of becoming paupers. This wholesome feeling is also shared by the rich. Beside the degrading influence of charity, both upon those who give and those who receive, for it destroys individual freedom by putting the receiver under obligations to the giver, it has become well known that no form of wealth distribution is so likely to be wasted on its way and fail to reach its intended goal. To adequately care for one

hundred and fifty thousand laborers and their families in New York and proportionately throughout the country would be to devote from three to five millions of dollars a day in unproductive and demoralizing charity, which ought and might be put to productive and elevating uses. The question, therefore, is not how to give charity, but how to give employment. As one of the means of doing this, it has been suggested that the rich expend more freely than usual, instead of economizing in every direction. Another means suggested is to open workshops for the manufacture of various kinds of wearing apparel and give away the products, thus aiding a considerable number by giving employment, and reaching many more by a judicious distribution of the clothing. Both of these suggestions have their merits and should be encouraged, but they are wholly inadequate to meet the general situation.

What is needed in New York and other large cities is a scheme that shall give several months' employment to more than a hundred thousand people. This cannot be found in the avenues of ordinary business, because the lack of trade in the various lines of business is the cause of the enforced idleness and want. There is one direction, however, in which employment can be given to an almost unlimited number for a short time, and where the work is greatly needed, namely, in public improvements. For years it has been a standing charge against New York City that it is one of the most unsanitary, unclean and disorderly cities of its size in the world.

It is proverbial that Americans upon returning from Europe immediately exclaim against the neglected, unsanitary and altogether disgraceful condition of New York City as having no parallel abroad. The truth of this charge is attested by its exceptionally high rate of mortality. It occupies the unenviable position of having the largest death rate of any city of a million population. In 1893 the death rate in New York City was 26 to the thousand inhabitants, as compared with 25 in Vienna, 23

in Paris and Boston, 21 in Brooklyn, Philadelphia and Baltimore, 20 in Berlin, 19 in London, Edinburgh and Cincinnati, 18 in Chicago, Cleveland, St. Louis and San Francisco, 17 in Brussels, Christiania (Norway) and Rochester (New York), 16 in Milwaukee and Buffalo, 14 in Louisville, 11 in Denver, and 9 in St. Paul and Minneapolis.

Now is the time for the American metropolis to rid itself of this unsavory reputation, and at the same time to take front rank for philanthropy and public spirit. This can be largely accomplished by the city's appropriating from four to six millions of dollars for public improvements.

1. In repaving and asphalting all the streets that need it.

2. Removing and condemning some of the worst tenement house property, and wherever possible converting the space into public squares and parks.

3. The planting of trees on all avenues and streets where it is feasible so to do.

Very much of the street repairing would be done in the quarters where the poor live, which is the first great step towards sanitation and more wholesome conditions for the masses.

Besides benefiting the poor, this would improve the value of property and beautify the city, and in every way be a lasting benefit to the American metropolis.

Of course a large number of the present unemployed would be unused to this sort of work, and would therefore be less efficient than those ordinarily employed in such occupations. This would make the work cost more than it otherwise would, probably one-fourth more, but if every laborer thus employed received a dollar, and did seventy-five cents worth of work, twenty-five cents of the expenditure would be charity, but it would be unconsciously received, and therefore lose all the demoralizing taint of charity. It would also have the great advantage of securing much-needed public improvements, together with a wholesome

and largely economic distribution of wealth, and prevent wholesale suffering and starvation which otherwise must ensue. Every citizen would gladly contribute his share toward the means of such beneficent expenditure. The easiest and most efficient way to do this would be to raise the money by sale of bonds bearing a low rate of interest. Six million dollars worth of such bonds would be taken by the people of New York City in a few hours. There is really no lack of money nor of willingness to furnish it. All that is needed is an earnest, emphatic effort to accomplish the object. If any mere legal difficulties should arise, the Legislature would readily pass an act giving permission to issue the bonds necessary for such an undertaking. Let only a feasible plan be presented, and the property owners of New York City and the Legislature will do the rest. If this undertaking is inaugurated in New York City, the example would soon be followed in the large cities throughout the country, and thus, beside affording immediate relief to the prevailing distress in our industrial centers, it would bring an unprecedented improvement of American cities, and thus accomplish two great objects in philanthropy and social progress, with almost no ultimate sacrifice. Moreover, such a move would demonstrate to the masses and to the world that capitalists are not the selfish, heartless class they are generally assumed to be, but, beside being really economic benefactors to society, they stand ready to use their wealth for public welfare whenever it is necessary and feasible so to do.

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### Decline in Railway Values.

The railways of the United States employed during the year ending June 30, 1892, 821,415 persons, who worked in connection with railway capital of the value of \$10,226,748,134, being \$12,450 worth of capital per person employed. There is no other branch of employment in

which the physical toil is so largely performed by machine power, and in which man is so nearly relegated, or elevated, to the exclusive function of superintending intellectually the toil performed by matter and cosmic force, without being compelled himself to lift anything much heavier than a ticket punch or a steel pen.

Railways, we have been assured, need no tariff protection, and will be chiefly unburdened and disenthralled by relieving them of tariff taxation. As most of them point toward Liverpool as their ultimate terminus, they are the interior feeders of our import and export as well as of our domestic trade.

It is well, therefore, to note the effect upon railway values of one year and two months of tariff reform change, counting from November 9, 1892, which is as early as tariff reform could begin to cast its shadows before.

The first prominent railway system in alphabetical order is the Atchison, Topeka and Santa Fe, having 2,070 miles of its own, and operating about 6,527 miles of railway (1890), making it the most extended system in the country, those of the Southern Pacific (6,461 miles) and the Chicago, Burlington and Quincy (5,245 miles) being second and third. Its subsidiary railroads, or leased lines operated on a money rental, are about thirty in number, besides lines in which it is a partner. Its total assets (or liabilities) were \$225,862,000 in 1892, and are now roundly estimated at \$240,000,000, though the report of the statistician of the Interstate Commerce Commission, for the year ending June 30, 1890, puts them at \$174,208,382. Supposing the larger estimates represent new leased lines acquired since 1890, it is probable the road is sponsor for securities amounting to \$240,000,000. Since Mr. Cleveland was elected these securities have declined from 34 $\frac{3}{4}$  to 9 $\frac{3}{4}$ , or by 25 points, *i. e.*, the market value of the entire system has fallen from about \$80,000,000 to about \$22,000,000, or say by \$58,000,000. Nearly three-fourths of the value of this investment has thus been extinguished in one year.

During the year 1891-92 the actual gross earnings of the road were \$36,438,188, the operating expenses \$25,210,933, and the net earnings \$11,227,255. During the past year the gross earnings have fallen to \$21,124,253, or about four millions below the operating expenses of 1891-92. "Its lines extend to the Gulf of Mexico and Lake Michigan, to the Gulf of California and the Pacific coast, into the Rockies and into the Sonora." Chicago is the principal terminus of the system, "to which it gives direct communication with the farms of Kansas, the fruit belt of California, the cattle ranches of Texas and the Sonora, the mining camps of New Mexico and Colorado, the cotton fields of Texas and Arkansas. To Chicago it carries the produce of twelve of the largest and most promising States of the Union, States which in the long run may excel even the great northwest, over which they have conspicuous climatic advantages."<sup>1</sup>

In 1880 the road paid a dividend of 8½ per cent, and a year later declared one of 6 per cent in cash, which made such a favorable impression in Wall Street that the quotation reaches 154½ per cent, the highest ever recorded.

The failure of the New York and New England system passes annual earnings of about \$5,000,000 into the hands of a receiver. It operates 508 miles of track, as many as are operated by the New York and New Haven system, whose earnings are twice as great. It was a re-organization of the Boston, Hartford and Erie, and was in the hands of a receiver in 1884-5. It is hardly as important, even to New England itself, as the Atchison, Topeka and Santa Fe, as the latter was largely a Boston-owned enterprise.

Meanwhile, during the past year, the Baltimore and Ohio has declined from 97½ to 54½, or by 27¾ net, after having reached in 1883, 205. On a capitalization of \$103,-481,764 the decline of the past year represents a loss of about \$28,000,000 to the stockholders. The Brooklyn Ele-

<sup>1</sup> American Railroads, Van Oss, p. 563.

vated has declined from  $41\frac{1}{4}$  to 19, a loss of half its value in the past year. The Canadian Pacific has fallen from  $90\frac{1}{4}$  to  $70\frac{1}{2}$ , a decline of  $18\frac{1}{2}$ , and the Chicago and Northwestern has shrunk from 146 (highest) to 128, or a net decline of  $13\frac{1}{2}$ . This for a company capitalized at \$211,-890,801 and having 7,955 miles of road, means a loss of value amounting to about \$25,000,000 on an investment which made net earnings in 1892 of \$11,085,833, and which pays regular dividends of 7 per cent on preferred and 6 per cent on its common stock.

The Chicago, Burlington and Quincy has made a net decline of  $22\frac{5}{8}$ , from about par, on a capitalization of (1891) \$242,354,341, a loss in values to its stockholders of about \$54,000,000. The Missouri Pacific has shrunk  $35\frac{1}{4}$  per cent, and even the New York Central about 11 per cent. Out of a total of 211 American stocks bought and sold in Wall Street in 1893, 202 have shrunk in like proportions.

The serious question is, how long can the causes which are impelling these values downward continue to operate without bringing the weaker of these railway systems to a dead halt for want of the means to pay even operating expenses?

The economic force which alone is adequate to prevent such a collapse as would stop the running of trains, is the continuing ability of the stronger lines to absorb the weaker, and of the surviving large capitalists to furnish the new means essential to keep the wheels of the very weakest lines running.

Hence the present crisis points inevitably to a further consolidation in railway properties. But for this, suspensions of traffic would produce local famines as promptly in America as in Asia.

## Colorado's Mistake About Silver.

Prof. L. M. Keasbey of the University of Colorado writes in the January *Forum* concerning "The New Sectionalism," an argument in effect that the Rocky Mountain and Pacific States may justly withdraw from the Union on moral grounds, unless the silver-producing States can secure free coinage for the metal they produce. Professor Keasbey does not talk war right out, but this is the outcome of his hints. His argument all rests for its economic basis on the truth of the charge that "during the last twenty years silver has been less and less used as a standard money metal by the great commercial nations of the world;" that in consequence of this disuse of silver there has been a continuous decline for twenty years in essentially all values except contracts of loan calling for payment of specific sums of money; that these contracts and gold coin have risen in value *pari passu* as silver has declined; that thereby the borrowing class has come into bondage to the lending class by being required to render some 70 to 250 per cent more value in payment than the sum they borrowed; and finally, that the Rocky Mountain States as chronic borrowers are brought into a state of bondage to Wall Street and the East, from which only the free coinage of silver can emancipate them.

As Professor Keasbey speaks from a chair of economic science we ask him to revise his supposed fact, with a view not of determining whether a good many economic writers have not seemed to give it countenance, but with the view of seeing whether it is true.

Is it the fact that "silver has for twenty years been less and less used as a standard money metal by commercial nations"? Is it not a fact that during twenty years past the United States alone have coined some \$420,000,000 in silver dollars, whereas in all the previous century of its existence it had only coined about \$8,000,000, much of which was melted as soon as coined? And out of this fresh coin-

age of bright white dollars, are not \$330,864.504 made an addition to the volume of that very standard money which is supposed to affect prices, by the issue of silver certificates to circulate in their stead while the bright white dollars lie in the Treasury? We have also \$77,000,000 of subsidiary silver and \$58,832,666 of standard silver dollars circulating in the United States, which is many times more than we ever either coined or circulated until within the very twenty years in which our dreamy philosopher from Colorado imagines that silver has been passing into a state of disuse among all commercial nations.

Can it be that Professor Keasbey mistakes two facts so unlike as a law forbidding the free coinage of silver because of its superabundance, and a disappearance of silver from use? Would he mistake a statute for the extermination of rabbits in Australia for an evidence of the actual disappearance of rabbits, or would it not for the present rather prove a superabundance of rabbits? If all the nations of the world concur in passing laws forbidding the further free breeding of silver dollars, ought it not to be taken as proof that of late silver dollars have been "bred" in unusual and, as was thought, in excessive quantities?

If Professor Keasbey wants his assertions to stand, he should in some way abolish our Director of the Mint, for between his rash official statistics of the rapidly increasing use of silver for ten years past, and Professor Keasbey's authoritative statement of the rapid decline in use of silver for twenty years past, there is a great chasm. The reports of the Director of the Mint for 1883 and 1893 show the proportions of gold coin, silver coin and note currency or paper money, coined, issued and circulating in thirty-eight of the world's principal nations (excluding China). The table collects the totals in millions of dollars.

YEAR	PAPER	GOLD	SILVER	TOTAL SPECIE	TOTAL PAPER AND SPECIE
1883	3,832	3,333	2,711	6,045	9,875
1893	2,635	3,582	4,042	7,520	10,259

It will thus be seen that there was a net expansion of

the world's stock of silver coin (nearly all of which was standard coin, as elsewhere shown in the same report) of \$1,329,000,000. There would have been an expansion in the world's currency in that period by a sum nearly equal to the total volume of currency in the United States, had there not been a simultaneous contraction in paper currency of \$1,197,000,000. The bankers and governments have forbidden the further free coinage of silver, but under all their measures of restriction the actual coinage and introduction of silver into commercial use has outstripped any rate of coinage, and increased use, ever previously known to occur in so short a period. It has enlarged the body of coined silver in commercial use by fifty per cent in the last ten years. Of what avail, then, are the statutes of repression of free coinage to depress prices, when the expansion of actual coinage under restriction increases the volume of silver coin in actual existence and in commercial use to a degree never before equaled?

It is certainly the volume of coin in use that should affect prices, according to the theory which Professor Keasbey intends to hold. The statutes preventing free coinage can have no effect on prices except as they lessen the actual volume of coin in use. If prices universally have fallen, it must be from some other cause, because more standard silver coin is in use than ever before; and as it is all at par with gold coin, if it had any potency to save prices from falling, that potency has all been exerted. Hence Professor Keasbey's lynch-pin is out. His arch has no keystone. His doll of Rocky Mountain secession cannot hold its sawdust. The pivotal fact on which his theory turns is a myth. The amount of standard silver coin in world's use not only has not diminished, but it has increased with unexampled rapidity. Hence, if the Rocky Mountain States have a good ground for going out of the Union, it must be for some other cause. The disappearance of game or the failure of rainfall might entitle them to a ticket-of-leave, but not the traps set to prevent the silver rabbit breeding.

## The Crisis and Foreign Investors.

*The Journal of Commerce*, Mr. Worthington C. Ford of the Bureau of Statistics, and others concur in the opinion that the panic of 1893, if not wholly produced by the fear of silver payments, was greatly intensified thereby. It is said that through this fear foreign investors withdrew about \$100,000,000 worth of capital previously invested in American securities. It is known that \$108,000,000 in gold went abroad during the year, which is the heaviest export of gold on record, and that the year's net export of gold over imports amounted to \$87,000,000. It is argued, therefore, that foreign holders, who in all own, it is thought, about \$1,000,000,000 of American "securities," sent about a tenth of them over here to be sold because they feared Americans might take a thievish notion to "pay off" these securities in silver coin at a time when the silver coin would not stand at par with gold coin. As this is a motive which might apply to bonds only and not to shares of stock, teachers of finance should have pointed out that the panic in securities applied only to the bonds, and that shares of stock were not affected by it.

American stock companies average a very even division of their capital between stock and bonds, the tendency being to embody an equal value in each. Thus, for the year ending April 30, 1891, the total railway capital of the United States was \$9,829,475,015. Of this the stock stood for \$4,450,649,027, and the bonds and debts of all the roads were \$4,840,266,412, showing a normal tendency toward one-half stock and one-half debt.

Now, if a company owing \$10,000,000 in bonds secured by mortgage, which is a prior lien on its property, has also \$10,000,000 in shares of stock afloat, and after silver coin has fallen to fifty per cent of its face, if it ever should so fall, the company pays off its bonds with \$10,000,000 in silver dollars, purchasable with \$5,000,000 of real values, it must follow that by whatever sum its bonds are shaved

in the payment, the future value of its stock will be increased by the same sum. No company could have any motive to pay off debts in silver if the stockholders did not gain the amount the creditors lose. If, in the case supposed, the company had a net income of \$1,400,000, out of which it was paying six per cent interest, \$600,000 on its bonds, and with the remainder was paying eight per cent dividends on its stock, this income would keep the stock at about 120. By paying off its \$10,000,000 of bonded debt with \$5,000,000 real worth of silver coin, its interest charge would stand reduced by \$300,000. This would raise its income, applicable to dividends, from \$800,000 to \$1,100,000, and send its stock up from 120 to 160, or, more definitely, to the rate which would add to the value of all the shares the exact sum by which the value of the bonds had been diminished. Nothing can be clearer, therefore, than that if the return of foreign "securities," as they are called, had been induced by a fear of silver payments, it would have taken the form of a fall in bonds and a rise in shares.

Everybody knows that no such phenomenon occurred. Shares and bonds, creditors' securities and owners' title, came across the ocean, so far as they came at all, in peaceful company. They were stolidly and stupidly ignorant of the fact that whichever one of them should lose by silver payments the other must gain. Indeed, Mr. Ford estimates, "on the basis of information derived from leading bankers who buy and sell American securities on foreign account, that between \$75,000,000 and \$100,000,000 in shares of different descriptions, and only \$15,000,000 to \$25,000,000 in various kinds of bonds, chiefly currency bonds, have been sold in the past year on European orders." Hence four to seven times as many shareholders are charged with fright, at an opportunity to pay off what they owe at fifty cents on the dollar, as there are bond-holders frightened at the prospect of having their bonds paid in this way. And even of this paltry \$15,000,000 of debts sold in this market, Mr. Ford is not willing to

assume the burden of saying how many were payable in gold coin. He only thinks they were "chiefly currency bonds." Hence all the bonds sold during the year through fear that they would be paid in silver are not alleged to have exceeded the cost of the Brooklyn Bridge or the state house at Albany, and were only a third of the special issue of Clearing House certificates made in New York City alone.

This is every vestige of argument the administration finds it possible to make to prove that the panic was caused by the foreign investor's fear that his bonds would be paid in silver. We will not charge those who argue thus with being so dull in mother wit or natural sense as to suppose that shares of stock are debts of any kind, or that payment in silver could apply to these, or that their owners could feel fright at paying off what they owe at half rates. Fortunately, foreign holdings of American securities and shares of every kind are less than a tenth of American railway securities alone. One consequence of the rise of the great American fortunes which have sprung into existence within thirty years past has been that the values of American stocks and bonds are almost wholly controlled, upheld and kept steady by the great American capitalists. Even our stock boards, into which the foreign investor enters as a subordinate force, are not in their totality the dominant influence in controlling American values. They are the weathercock which records the changes of price, but those changes are supplied for them by the great American investors, the Vanderbilts, Goulds, Sages, Huntingtons, Millses, Rockefellers, Stanfords, Armours, Fields, Ogdens, Catons, Vassars, Lawrences, Coopers, Cornings, Greens, Peabodys, Cornells, Sibleys, Sloanes, Stones, and scores or hundreds of other American multi-millionaires whose increasing command over American investments is denounced by the American attorneys of the foreign investor as being the chief source of danger to American democracy. Fortunately, America now has from twenty to fifty capitalist families whose aggregate wealth probably equals that

of any similar number in Europe. It is this phalanx of American millionaires which stands guard over our stock exchange, preventing any spasm in the condition of the foreign money market from seriously influencing our own. In the main, these great fortunes are the balance wheel of all American securities, because they stand at all times ready to take any and all of them that can make the proper showing of earnings.

Moreover, the proprietors of these large fortunes, so far as they have been made in American railroads, mines, farms and manufactures, maintain, with few exceptions, an industrious and patriotic interest in American industries. The Vanderbilts, Rockefellers and Stanfords especially deserve all honor for their stalwart and simple Americanism. The millions they have given for education and philanthropy cannot be definitely known. If they build castles, it is more likely to be for public education than for personal snobbery, and if they lay out fortunes on elaborate homes, these are in North Carolina or at Newport, rather than in Scotland or on the Thames.

## **Contributed.**

Correspondence on all economic and political topics is invited, but communications, either for private use or for publication, must bear the writer's full name and address, and requisite postage must be inclosed for return of manuscripts or answers to communications. The editor is responsible only for opinions expressed in unsigned articles, and reserves the right to criticise freely views presented in signed articles, whether invited or not. Typewritten manuscripts preferred.

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### **The French Element in American Population.**

The unusual activity shown by the French Canadians in the Province of Quebec in the annexation movement calls attention to the French element in American population. The migration from that province hither is one of the most remarkable of recent events, not only owing to its magnitude but to the conditions under which it occurs.

French immigration has descended upon the United States in two main streams. The first entered in the vicinity of the Great Lakes and spread thence through the South and West, while the second flowed into New York and New England. There are at the present time one million French Canadians in the United States, four hundred thousand of whom are in New England, one hundred thousand in New York, while the remainder are scattered in every State and Territory, with two exceptions, but most numerously in the far West. Originally the stronger current was in the former channel. Shortly after the establishment of the independence of this country several French colonies, or more correctly, families, became established in what is now the State of Michigan. From thence they advanced into Illinois, Iowa, Minnesota, Wisconsin and Missouri, where their descendants continue and flourish. Later these were reinforced by recruits from the province of Quebec. Most of these newcomers, however, preferred

to push further west, into the Dakotas, Montana, and a favorite location, Oregon. When Wilkes visited Oregon in 1838, he found seven hundred French Canadians settled there, but when the territory was admitted to statehood, twenty years later, the number had increased nearly three times. The New England current, on the other hand, did not set in with any strength until about twenty-five years ago. At first it was irregular and fluctuating, but later it gained such head that an enthusiastic orator of the race declared that his people would celebrate the one hundredth anniversary of the St. Jean Baptiste Society in a French-Canadian Boston.

No element of our eastern population has excited so much discussion, and, in certain quarters, such genuine alarm, as this French Canadian. It is described as "the Chinese of the East." The Massachusetts Bureau of Statistics of Labor in its report for 1881 adopts this phrase. Col. Wright, who was then at the head of that bureau, modified this sweeping description the next year, but the main points were allowed to stand. That report says: "With some exceptions the Canadian French are the Chinese of the Eastern States. They care nothing for our institutions, civil, political or educational. They do not come to make a home among us, to dwell with us as citizens and so become a part of us, but their purpose is merely to sojourn a few years as aliens, touching us only at a single point, that of work, and when they have gathered out of us what will satisfy their ends, to get them away to whence they came, and to bestow it there. They are a horde of industrial invaders, not a stream of stable settlers. Voting, with all that it implies, they care nothing about. Rarely does one of them become naturalized. They will not send their children to school if they can help it, but crowd them into the mills at the earliest age."

Certain portions of this statement are less applicable now. The charge of lack of stability no longer applies. The French Canadians are here to stay. To be more

exact, they are to be divided into three classes, the temporary, the roving and the permanent. The first class consists largely of farmers who come here to earn money to cancel mortgages on their home lands. Our shops and factories are their opportunities. The second class includes the floating laborers who are to be found in the logging camps and saw-mills and along the borders, and whose goings and comings are governed only by the prospects of a "job." The third class is composed of those who recognize the advantages of life here and who come to enjoy them and secure them for their children. For the moment, it does not matter that these "advantages" include nothing higher than steadier work and more liberal pay. Twenty years ago the first class predominated. The French Canadians came to New England with the avowed purpose of quitting it later. This was the final injunction of the priest as they started. To this end provincial legislation was all directed. Many of them did return, but new scenes and larger rewards begot restlessness. Coupled with this was the anxiety of the church for the welfare of its communicants here, the outcome of which was the sending of priests to minister to their spiritual needs. This meant of course the establishment of churches and schools, the collection of property, and finally, the cessation of that clerical influence drawing the habitant back to Quebec. Special inquiry by the writer at the points at which they arrive in largest numbers and of the railroads shows that for every one that returns to Canada three new ones come hither. Railroad officials further say that those who return usually buy round trip tickets, selling the return checks.

Whatever the original purpose of those who started the French drift, those who come now come to stay and to make homes. As one of their leading representatives here has said: "We have planted our tent on these shores forever; we are bound to the republic in life and in death, wishing to leave behind us the blessed memory of men

who have done their share toward the social and intellectual advancement of the people of this beloved land." Already they number four hundred thousand in New England, that is to say, nearly eight per cent of the total population of those States. This is a gain of a full hundred thousand for the last seven years, while according to Canadian reports, the exodus from the Province of Quebec for the past year has reached nearly forty thousand, the major part of whom have found their way to the factory towns of the six northeastern States. The tide is steadily rising, and with the vitality and prolificness which mark this race, points to an extension more rapid than that of any other of the foreign elements in New England's population. The French Canadians in New England also hold property to the value of \$22,000,000, and ten thousand of them are in business or professions for themselves. The greater number of course are in the shoe and cotton and woolen factories, but all the ordinary trades contain representatives of the race. Besides tailors, grocers, bakers, carpenters, cabinetmakers and joiners, there are doctors, lawyers, teachers and journalists. They support nine newspapers in New England and New York.

Prof. Thorold Rogers has said that "voluntary emigration generally takes away the best, the most thrifty, the most active, and the most hopeful." With the close communication between the new and the old worlds, however, and the low rates of carriage, the truth of this is less evident than when it was first enunciated. Especially inapplicable is it in the case of the French Canadians, for whom the change from one country to another means only a few hours' ride on constantly running trains. As a result, it cannot be said that it is the best or the worst of the race that comes hither. It is a mixture of both, though with a tendency toward the predominance of the latter, as those who are well placed at home have not the desire or incentive to change that moves the less fortunate. It is the farmer whose land has been over-cropped and burdened

with mortgages. It is the young man whose inheritance through constant subdivision has dwindled to nothing. It is the habitant without possessions or prospects. On the whole, however, the standard of these newcomers both as regards intelligence and adaptability differs not a whit from that of the general body in the districts from which they migrate. They bring with them the same ignorance of things which average Americans know, the same bigotry, the same narrow development which mark them in Quebec. That is as they come. Their desirability, then, as settlers, is dependent on the readiness with which they may be assimilated into the industrial and political life of this country. The United States has no room for resident aliens or "industrial vandals."

The French Canadians that come to the United States are mostly from agricultural districts. The largest quotas are furnished by the eastern counties and the diocese of Rimouski and Three Rivers. Despite this fact, there is an imitative strain in the blood which enables them to learn readily how to operate machinery and perform mechanical work. Many of them have risen to positions of importance in the factories. In the mills at Fall River, Lowell, and Lawrence one may find them in charge as foremen and overseers. They take no part in strikes or labor agitations of any kind, and as a result they are highly esteemed and sought by the large manufacturers.

The greatest objection to these immigrants as a social factor is their tendency to reduce the standard of living in New England factory towns. This is an important point, especially as there is a disposition on the part of the large corporations to leave the housing of their operatives to themselves. Now, in such factory centers the greatest overcrowding is to be found among the French Canadians. Detached cases prove nothing, but an instance or two will illustrate what is meant by this tendency toward depression. In one factory city in Massachusetts which the writer visited he found crowded into a tenement of three

small rooms three families. Cooking, eating and sleeping, the storage of furniture, bedding and supplies had all to be confined in what could not have exceeded four hundred square feet of floor space. When it became necessary at night to parcel them out, five boys and three girls were apportioned to one of these rooms, eight adults to another, and four adults to the third. Yet in those three families there were nine wage-earners. In another tenement in the same place nine adults slept in a single room, while in a third six men occupied a hall in which two ordinary persons would have thought themselves crowded had they been obliged to share it.

The writer has also visited settlements of the French Canadians in Maine, where rent is a minor factor, and found the same conditions prevailing. To those who are familiar with the scenes in the slums of any of our large cities this may not seem so terrible. But in the cities those conditions are the result of wretchedness and poverty, and whosesover the fault, they are involuntary. But with the French Canadian it is not so. A thrifty worker, he yet chooses such conditions in preference to improving his surroundings, and as a result he is a drag on his fellows in the labor world.

At the same time, it must be stated that as a class the French Canadians are sober and steady, and in point of morals will compare favorably with any body of immigrants. In one Massachusetts city where they constitute 20 per cent of the population they furnish only 10 per cent of the criminality, and while they hold only 4 per cent of the wealth, they yet receive but 14 per cent of the public aid. If not the same proportions, the same general rule holds in Woonsocket and Lincoln, Rhode Island, in the factory villages of eastern Connecticut, and in Biddeford and Waterville, Maine.

It is as political factors that the most serious complaint is made. As Dr. Prosper Bender, one of their number, has said, "They are not as a rule admirers of

republican institutions, the bulk of them preferring a monarchical system of government." Brought up to take everything from the priest, they are weak in local spirit and personal independence. Coming here with a strange language, and amid strange scenes, they band together in clans or groups. They dislike our public schools and prefer the parochial, where their children are taught the French language and the doctrines of the Roman Catholic church. All of their religious organizations are arranged so as to keep them apart from the people here, and make them strangers to American institutions. The strongest of these organizations is the St. Jean Baptiste Society, of which there are 210 branches in New England, with 31,000 members. The battle-cry of the organization is "Notre religion, Notre language et Nos Moeurs." Every member must be a French Canadian, must speak the French-Canadian language, and must be a member of the Catholic church, and all of his efforts must be directed to the preservation and the furtherance of those interests. The influence of such a body under the control of the priesthood is evident. The whole tone of their literature, too, is undemocratic, and, if one were to believe the statements which are made by some of their leaders, their sole aim is the repeopling and reconstruction of New England. They also have been slow about becoming citizens or manifesting any deep interest in our institutions, and thus present a marked contrast to the Swedes and Germans.

But *per contra*. The fact that the English language is strange to them and that they are not at all familiar with the principles of self-government undoubtedly accounts in a very large measure for this. The Scandinavians who have done so much to build up the great West did not have to be educated in the meaning of our institutions. They were experts in the art of self-government when they landed at New York. But it is very different with the French Canadian. Naturalization clubs, however, are being rapidly formed. The activity shown by this race in

the recent national election was very marked, especially in Rhode Island and Massachusetts. It is estimated that there are 25,000 French-Canadian voters at the present time in New England. At a complimentary dinner tendered to Hon. Wilfred Laurier by the French Canadians of Boston a year ago, Mr. Hugo Dubuque, of Fall River, one of the leaders of that race in Massachusetts and a member of the State legislature, stated: "You may be surprised when I say that in many States, such as New Hampshire, Connecticut, Rhode Island, and at certain times in Massachusetts and New York, when the normal voters come out, the total vote of citizens of French descent is sufficient to hold the balance of power. You must not be surprised if some of these days you see one of these little Yankee Canucks reach the White House as President of the United States. We are not satisfied simply to furnish the muscular force which is required in the manufactories, but we desire to participate in the intellectual and political life of our adopted country."

Those applying for citizenship, however, include only the younger men, those who came into this country as minors and have grown up under American institutions. In few cases do those who migrated thither in middle or late life seek citizenship. Already there have been two French Canadians in the Massachusetts legislature, four in the Maine, two in the Connecticut and two in the New Hampshire, while in town and city councils the race has been and is well represented. Not only are these immigrants becoming naturalized, but the clans into which they have collected are beginning to break up. This is especially manifest in Connecticut and Maine. The common tongue which served as a bond is beginning to lose its hold as a knowledge of English is acquired, and the habitant is pushing into the country and remote districts. He is taking up the farms which the younger native generation is quitting, and he is establishing for himself a home in the remote parts of New England which have hitherto been

visited by nothing save forest fires. Still again, the power of the priest grows less as the spirit of our life and the individual independence of our people become understood. The church has not the control over these younger ones that it has over the younger generations of Irish even. When the French Canadian is educated he is a reader, and under the quickening spirit of American freedom he is becoming a thinker, and an independent one, too. It is to the young French Canadian, then, the second generation, that we are to look for the settlement of the problem which the coming of their fathers has introduced. Unless the present indications are all misleading, they will be not habitants but Americans, and that, too, in the best and fullest sense of the word, as the Scandinavians of the Northwest are Americans, or the Germans of the Central States. But it must not be forgotten that with the French Canadian the task is not only the learning of a language but the comprehension of a new theory of government. This means that the process of assimilation must be slower.

GEORGE A. RICH.

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### Thirty Years Under Bismarck's Frown.

Denmark is the oldest kingdom in Europe, and we may safely add that it is older than any other civilized constitution in the world. England, France, Germany, Austria, Italy, etc. have all seen their subduer some time in the annals of history, and often has their reigning progeny been extinguished and substituted by conquerors. Denmark alone can turn the pages on an unbroken lineal descent dating back, seal overlapping seal, into the very twilight of myth and fable—aye, to the gods themselves! With Skiolld, the myth king of Denmark, the lineage begins. Listen! One early morning the Vikings of Lejre<sup>1</sup> found a barque that had drifted ashore. Boarding the wreck, they found a little naked boy lying on a sheaf of

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<sup>1</sup> The ancient capital of Denmark, situated at Isefjord, Zealand.

ripe grain. They took him for a son of Odinn<sup>1</sup> who, they thought, had conferred his special providence upon them by sending them the boy. They lifted him over their heads on a shield, named him Skiolld,<sup>2</sup> and elected him king of Danes. Then Skiolld awoke and found his sleep had earned for him a kingdom. Boys were ahead of their years in those days, mark you! The successors of Skiolld having expired, the first historical king we come across is sturdy Gorm, the Old, who reigned with his "Dane-beloved" queen, Tyra Danebod,<sup>3</sup> in the ninth century, and from their tombs the line of descent points down the aisles of centuries to our present decade.

The first king of Danes slept himself into position. That is more than can be said about Christian IX who now holds the throne. Hostile billows seethed wickedly about the state craft when he grasped the vacant spokes; a wide-awake helmsman was needed, and the young Glücksburgian did anything but sleep himself into smooth waters.

After weathering the storms of 1864, anchor was dropped on the treacherous banks of the Prague Congress, 1866. That was to conciliate Prussia and Austria as to their share in the booty of 1864, the three Danish provinces, Schleswick (South Jutland), Holstein and Lauenburg. This scheme terminated in the following resolutions: Prussia obtained exclusive possession of Schleswick; she bound herself, however, by article 5 of the treaty, to resign the northern districts of the territory to Denmark, provided the population should express their desire for such relinquishment by a free vote.

Here is where our story begins. Few outside of the borderlands know its real proportions; to that end the Prussian "Reichspresse" has been on the alert in disseminating exaggerated and unreliable reports, and they had to, in spite of themselves, those miserable "Reichspresse"

<sup>1</sup> The chief god of Northern mythology.

<sup>2</sup> Shield or shield bearer.

<sup>3</sup> Danebod means the "hope" or the "consoler" of Danes.

individuals, lest almighty Bismarck should frown upon them, and that was, especially in those years, something everyone prayed might not happen.

Bismarck was not born with the emperor in his pocket. There was a time when people heard very little about Otto von Bismarck Schönhause, and that was very early in the sixties. Then suddenly, the 24th of September, 1862, this uninteresting Otto jumps way up on the scale of "honor," and pounces, with certitude of swoop, upon the post of prime minister. There he was, and now he was going to show the world what he was. In spite of the repeated veto of the representative assembly, he managed to carry his point to enlarge and re-organize the Prussian army, by the aid of which he hoped to establish the great empire that rose finished out of the blood baptisms of the Danish, the Austrian, and the French campaigns. It is the Danish campaign that concerns us at present.

In the year ensuing the army reform, Bismarck was universally hated by everybody in Germany. He had taken such violent, heedless action, that the expediency of doing something by which he would rise in popular estimation became at once evident to him. The uninteresting Otto, Paris ambassador a year before, the wrathful discontent of the Prussian people tingling in his ears, saw that he had to interest his audience lest they should claim back their admission fee—the heavy army taxations. The Schleswick-Holstein insurgents flourished bomb-shell and rebellion on the border. This was just the thing for our unhappy "jumper of honors," and with the armed help of Austria he managed, think of it! within a year to exhaust plucky little Denmark of her last blood, bringing about the peace at Vienna October 30, 1864, that concluded in the severing of the three duchies from Denmark, to be surrendered to the united victors, Austria, Prussia, and Schleswick-Holstein. Shrewd, not-to-be-touched Otto! why rubbest thou thy hands? The military superiority of German drill and equipment had been proven, reader, and

although the assistance of Austria was thought of, still the German people thought more of their own exploits, and consequently more of their great chancellor who had made these exploits successful through his close-knit, impenetrable diplomacy. But the victors soon got entangled in dispute in regard to the conquered provinces, the Königgrätz defeat put an end to Austria's fighting ability, and the Prague treaty was drawn as already mentioned.

Now while this sketchy outline lingers in our mind, it might be well to approach the core of the matter. Very plain as it is, it still requires the light of local history to be duly and honestly weighed. For about ten centuries South Jutland (the original term till changed to Slesvig by the Holstein counts under Queen Margaret in the fourteenth century) has belonged to, or rather was a part of, Denmark, as much as Jutland or any other recognized province is to-day. It has several times been given as a fief by the Danish crown to the Holstein-Gottorp princes, but geographically and constitutionally it has always belonged, and should always belong, to the King of Denmark. Article 5 of the Prague treaty was never carried out. On the contrary, Prussia immediately began to Germanize the Danish districts by the introduction of the German language as the language of the administration and courts of justice, and partly as the language to be spoken in the schools. By a treaty with Austria in 1878 the Prussian government finally succeeded in having article 5 annulled, and thus the Danish North Slesvigians had no longer the sanction of international law to oppose Germanization, and their hope of reunion with their old fatherland began to falter. Their deputies in the German and Prussian diets have never missed any opportunity of reminding the German government that the people who chose them are Danish and will continue to be Danish, if the precepts of international justice amount to anything.

Increased effort has been made in the way of Germanizing the Danish North Slesvigians, and the year 1889

has put the crown upon their work, the Prussian government having completely excluded the Danish language from the schools, so that it may be used for instruction only in religion, while other instruction is communicated to the learners in a language perfectly foreign to them. The exclusively Danish-speaking portion of Slesvig embraces the districts Haderslev, Åbenrå, Sønderborg, the northern part of Tønder and the northern parishes of Flensburg districts. In this territory live in all 150,000 people. However, it is only in the towns the influence of Germanization, which has reigned supreme since 1864, is beginning to make itself felt. Some of the school children are beginning to speak German among themselves, considering the language the more elegant because of its being used by the government, and because they have learned it as the language of books, while they know Danish only as a dialect. South of this purely Danish-speaking district is a territory where Danish is prohibited by threats by the German authorities. The language of the crown people of these parts (the southern part of Tønder and parts of Husum and Flensburg districts) is almost thoroughly Danish, but the parents mostly speak low-German to their children in order to make the German language come easier to them. The children thus most frequently speak German among themselves, even though they all understand Danish perfectly well. A smaller district, into which we must include the city of Flensburg, is German-speaking by preference; still the cottagers and fisher-folk seem to cling to their native tongue. The children in this district are just able to understand Danish, and in some places they speak it with facility. In Flensburg, where no more than 2,000 to 3,000 of its 33,000 inhabitants speak Danish at home, the majority of the grown men are able to speak Danish, and Danish sympathies are far more prominent within the city gates than the Danish language. Along the west coast, in parts of Tønder and Husum districts, and on some of the islands, Frisian is still

the popular language, but it is steadily being superseded by low-German.

In Slesvig, Danish is still spoken throughout a territory inhabited by 210,000 people, but, when asked how many of these use Danish among themselves, we must first subtract from the total number of inhabitants of North Slesvig proper (about 150,000) the number of government officials and of German-speaking city people, making a total of about 6,000. Thus there remains 144,000. Counting four-fifths of the inhabitants of the threatened districts as Danish-speaking, one-fifth of those districts where Danish is in the minority, and 3,000 for the city of Flensburg, the number of Danish-speaking inhabitants in Slesvig would seem to be 160,000. Germanism cannot be said to have made very rapid strides during forty years of unremitting agitation in its favor, for only two parishes (Vamdrup and Fjold) have changed from being predominantly Danish to become predominantly German.

Thus we have seen how an honest people may be turned into a tool for an ambitious, uninteresting Otto, and how bloody war, constitutional severance, and the fraction of a thousand-year-old crown may sometimes be necessary to make him interesting to his own countrymen. Nowadays few will deny that the Schleswick-Holstein rebellion was supported by Bismarck, not because of justifiable grounds on the part of the insurgents, but merely to show the practical capacity of the improved German army, whose enlargement had been rigorously opposed by the people and the representative assembly, and dish up with a victory or two before the sentiment of public opinion had grown too powerful against him. It was accordingly not undisciplined hordes he sent over the frontier, but expensively and superbly equipped army regulars, against whose numerous breech-loading, far-shooting guns the Danish muzzle-loaders availed but little. But a generation ago, rising, uninteresting Otto & Co. agitated the matter so well that they made all Prussia believe that this Schles-

wick-Holstein revolt was the "Leib und Ehrensache" of the German nation. And there were those thousands of young Prussians rushing into disastrous battle against a people whom they had historical reason to thank rather than to hate, to make uninteresting Otto interesting! The consequences of such procedure are never good. Hard as Bismarck has tried to subjugate Slesvig, his tyrannical executors have made comparatively little headway in Germanizing the South Jutlanders, who seem to be determined to maintain their nationality, and to bear the yoke of Germanism rather than lie at ease "at the proud foot of a conqueror." O Otto! did'st thou know, when thou fellst to the execution of thy plan, that in the rays of history every one of those vanquished ones bears the age of a thousand years; that thou wert to fight, not that handful of staunch peasants in the Dybböl trenches, but mighty-souled giants dating their ancestry back to the times of shield-elected Skiolld, not to be overcome with expensive Krupp pieces, or close-knit diplomacy, reproachfully shaking their shaggy brows at thy thirty years of petty denationalization, none the weaker, but grown stronger by a generation since thou beganst to vex them? Did'st thou think of that, Otto? Nay, it takes more than "Blut und Eisen," thy chosen cry, to wrench an ancient people from its ancient home.

Several societies have been organized in Denmark for the preservation of Danish nationality in South Jutland, and by their valuable and influential help the subdued people have been enabled to take up the struggle with fresh courage. To some it may seem a hopeless task, and others may think that increased effort toward national maintenance would only serve to irritate the Prussian authorities and thus endanger or utterly injure the situation of the Danish-speaking population; but the matter should not be viewed from the point of empowered majority to efface the mother features from the country, but from the necessity of fixing and supporting a national standard in South Jutland in order to intercept the further spread of Ger-

manism into North Jutland and thus imperil the entire kingdom to final subjugation. The Danes have a keen appreciation of this fact. They have the fate of Poland before them, and they are practically aware of the South Jutlandish cause being a matter of life or death with them. To Americans that are used to vast distances within their own borders, and but slight difference in dialect and custom between their people, such questions as the Polish, the Schleswick-Holstein, and the Alsace-Lorraine, especially with reference to the contrariety in constitution and nationality of the peoples, appear hardly to be worth the blood and debate that has been wasted on their solution, inasmuch as solution seems to be more improbable the more it is fought for. However, we must understand the national difference between a Pole and a Prussian, between the Alsace people and the Germans and the Danes, or else pass no judgment. The Danes are descendants of the Norsemen, and are as distinct a people in language, literature and constitution as the Germans, and if we compare the two races, the dissimilarities likely to be observed would equal the existing national differences between Americans and Frenchmen. It is also hard for us, as Americans, to understand why German and Dane cannot assimilate in unity under Schleswick-Holstein rule, when both seem to forget national hatred under the banner of America and in the course of a few years imbibe the ethics of American citizenship. The answer is, that while this is a free country, where immigrating races may assimilate freely, and where no obstacle is raised against them because of their interest in the affairs of the mother country if they but fulfill the duties of American citizenship, Schleswick-Holstein is an unfree country where the people's national interests are trampled upon, where assimilation under the German eagle is enforced with military severity, and where at one time the petty plan of Germanization was carried so far that the "gens d'armes" (mounted country police) ordered the peasants to pull down their chimneys because

they were made of red bricks with white chalk between—red and white being the Danish colors; a country, happy American youth! where the slightest emanation of patriotic feeling is stifled with fine and prison, and where the congregation must listen to ministers of the church whom they are unable to understand because their preaching is in German, a country where the judge cannot understand the indicted and the indicted not the judge, and where the proceedings of the court are spattered across the bar in miserable and often fatally erroneous oral translation, a country tattered by the brambles of injustice and fraud and bleeding under the jaws of insatiable Germanism—the issue of uninteresting Otto's fortunate exertion to make himself interesting to the stare of the world.

JOHANNES H. WISBY.

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### Tenement Houses and their Tenants.

It may seem unfortunate for the cause of tenement reform that there should be a severe depression of industries just as one of New York's most enterprising daily newspapers, the *Press*, had completed a series of articles exposing the worst features of tenement life. The public is hardly likely to be interested in two distinct sociological issues at the same time, and for the nonce the question of how to feed the poor has almost superseded that of their homes. Rent is payable once a month, but the stomach sends in its bill for payment every day. But in the long run the questions are the same, and no one who closely follows the problems of the unemployed in this city, with a view to their permanent relief, can help arriving at what is also the real point of the tenement problem. In both cases a betterment of material condition is aimed at. But it is very generally regarded as unwise to feed the unemployed by wholesale, and to pauperize their minds, their wills, and their spirits while building up their bodies only.

The moral wants of the individual must be considered, for they are the moral wants of society.

This is the spirit in which tenement reform likewise must be promoted. For, after all, the main point is the improvement of the tenants rather than that of the tenements. Any one tenement is but an incident, though an enormously important one, in the environment that makes the tenant what he is. What we mean will be a little plainer if it is clearly borne in mind that one tenement does not make the tenants what they are, but the tenants, their standard of life, and their wants as they themselves see them, make the tenements what they are. We may tear down an unwholesome old tenement, which ought not to have been lived in for ten years past, and the tenants under present conditions will by nightfall find other tenements just as bad, where they are equally willing to live. A new model tenement building erected on the site of the one torn down may be readily rented at a fair net profit, exceeding the rate of interest that estates, savings banks, and other investors restricted by law are glad to get. But the population occupying all the model tenements built in any one year, under ordinary conditions, is of course very much less than the natural increase of the tenement-dwelling population, and there is always a probability that most of the people who moved out of the tenement that was pulled down are unchanged in their habits and desires. One good tenement has been put where there was one bad one before; so far, so good. But so long as we have done nothing to make the late tenants of the bad tenement want to tenant a good tenement, we are merely scratching the tenement evil on the surface. We will never catch up with the growth of the bad tenement population in that way, for we are simply running a never-ending race with the city's social cancer, with the cancer always ahead.

What can be done to make the tenement dwellers, as a whole, want better homes? This desire must be created and educated. A vast majority of these tenement ten-

ants are actually contented with their miserable surroundings. Go and see them in their home environment, and while you are surprised at the environment, they will be surprised at your surprise. They see nothing else to be surprised at. They rather prefer, to neater and better-regulated apartments, the dirty and dingy rookeries in which, whatever may be the law in theory, there is in practice the utmost license of crowding and of subletting for immoral purposes. That part of the population which is thoroughly accustomed to these conditions of life is too large to be appreciably affected by influencing individuals here and there to build or to live in new tenements of a better character. The remedy must be of heroic quality. The educational reformation must take place simultaneously, on a scale large enough to impress the mass of the tenement population with the idea that "something has dropped." They must be aroused in the large to the fact that better tenements are not only possible, but necessary.

No single landlord of tenements, not even Trinity Church corporation, can make the needed impression on the tenement tenants. No philanthropic or religious organization, no association of landlords likely to be called into existence, is adequate to the task. We believe that nothing else will be at once so practicable and so nearly adequate to the demands of the situation as a strict sanitary tenement law, uniformly and rigidly enforced. There must be such a sanitary legal crusade against unwholesome tenements as will make it impossible for families moving out of a bad tenement that is about to be torn down to move into other tenements just as bad. For the other tenements just as bad ought to have to come down at the same time. When the evicted tenant goes around to all the other bad tenement buildings known to him, and finds that he cannot get quarters in any of them because they have been condemned, he will be open to conviction on the subject of better tenements. If better tenements are provided, and the evicted population moves into and gets used to them,

they are likely thereafter to demand such. Nobody takes kindly to dirt and darkness after once becoming used to cleanliness, sweetness, and light.

It is suggested that we must combine under one management the work of destroying the bad tenements and building the model tenements. Since we can hope to break up the bad tenements only by the exercise of legal authority strong enough to act throughout the city, it is thought to follow that the bulk of the work of building model tenements must also be done by municipal authority. Not so. Here as at every other point the demand will and must be answered with an adequate supply by capitalistic enterprise. The government has the right to condemn bad tenements, and if necessary destroy them, as was done in London. It may decide as to the character of the new, lay down sanitary laws and regulations to which they must conform, but municipal building and ownership is not necessary or wise from any point of view. There will never be any difficulty about the amount of the supply. The government will have no more cause for interference here than it does in supplying grocery stores. The fact is, that in the last few years the supply of tenements of a better class has outrun the demand. To such an extent is this true that a partial paralysis of the building trade has resulted. Let us keep clearly in mind that it is the province of the government to destroy the bad and increase by every means in its power the love and desire for the good.

Also the individual landlord's ambition to make fortunes in bad tenements must be firmly discouraged. The bad bargain between the unscrupulous landlord and his tenants must be attacked at both ends. There must be no maudlin sympathy for tenement landlords who violate the laws of physical and moral health for the sake of making forty to one hundred per cent on their investments. Justice must strike down the tenement evil with her "iron hand," and at the same time pull down the bandage which art puts over her eyes, so that it may cover her ears also when

notorious and persistent law-breakers object. Batter down every infamously unsanitary tenement, haul the landlord into court, fine him, imprison him, or both, and he, too, will soon have a wholesome desire—the desire to respect the law.

When a considerable number of evicted tenants have seen the attractions of the new and model tenements, the desire to live in such quarters will be extended to many more minds than the few who, under present conditions, seek better quarters when they leave worse. In other words, people would desire better tenements who had not desired them before, and this is where the gain in desire comes in. Gradually the wish to live in the model tenements would become strong enough to produce acquiescence in the laws against unsanitary crowding.

KEMPER BOOCOCK.

## Editorial Crucible.

IT WOULD be difficult for a body of laborers, whether socialists, anarchists, knights of labor or trades unionists, to indulge in a greater array of false economic platitudes than are now being daily reeled off in Congress in the name of intelligent statesmanship.

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IN ANNOUNCING his approval of the Wilson bill, Mr. Carnegie has entered the fold of cheap-labor statesmen, where he always really belonged, as his attitude in the Homestead episode conclusively demonstrated. One word from him would have prevented that whole affair, which will ever remain a disgrace to American capitalists. Such men as Carnegie have done more to bring discredit upon the motives of protectionists than all the arguments of free-traders. All who favor protection as a principle in national policy, rather than as a mere device to aid particular capitalists, may well hail Mr. Carnegie's change of allegiance as a real advantage to the cause.

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THE TARIFF debate now going on in Congress is very interesting, if only as an illustration of how little the average congressman knows about the economics of the subject with which he is called upon to deal. Mr. Breckinridge of Kentucky, Mr. Turner of Georgia, and Mr. Everett of Massachusetts, all of whom made long and eloquent speeches, have shown that they are still in the swaddling clothes of early English "supply and demand" economics. The only difference between their ignorance of modern economics and that of poor Bourke Cockran is that he was unguarded enough to proclaim his neglected education upon the subject by admitting that he had never heard that "The value of any material or element of wealth depended upon any other law than that of supply and demand." Is not an economic kindergarten for congressmen necessary ?

IT HAS BEEN a matter of surprise to many that the farmers did not take more kindly and more enthusiastically to the free delivery of their mail. This is not a matter of regret, as might at first be thought. The free delivery system tends to stereotype the present isolation of the farmers, and anything that tends in that direction is to be deplored. We want more, not less, social contact. It is the intercourse of the country store and the post office that helps to make up for the otherwise unsocial condition of the farmers' life. The free delivery system in the cities is not objectionable for the same reason, for here the touch of other individuals is constantly felt, and the social friction and development are necessarily a part of the everyday life. Every human being must have opportunity for coming into contact with other lives. Without this there is stagnation and deterioration.

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AMONG THE remarkable contributions to industrial history made in the debate on the Wilson bill is the announcement, by Congressman Harter of Ohio, that protection is the cause of French wages' being lower than English. The Ohio statesman seems not to know that England got her great start of France before she adopted her free-trade policy. England had the factory system half a century before she brooked any competition with the Continent. It was under this development of the factory system that the English wages got a start of the French. Poor France was under feudalism until the Revolution, and has only recently begun to have the factory system, which is the only means of procuring low-priced products without low-priced labor. If Mr. Harter would rely more upon the facts of English history, and less upon Edward Atkinson's statements, he would be less likely to exhibit himself before the public to such great disadvantage.

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THE LONDON TIMES, in summing up the agricultural industry of Great Britain for 1893, shows that during the

past year hay has been imported into London from Canada, Argentina and New Zealand. In London it sold at the famine price of £8 10s (\$45) per ton, and, says the *Times*, "It is worth mentioning that at the time English hay was fetching £8 or more per ton in London, good meadow hay was selling in the west of Ireland at £2." The distance by water from the west of Ireland to London does not exceed the distance by water from Milwaukee to Toledo on our lakes. Under our restricted coasting trade, a Canadian vessel that should attempt to carry a ton of hay between these two points would be confiscated. Yet the transportation is so low that hay could not sell at fifty cents per ton more in Toledo than in Milwaukee. But in Great Britain, under "free coasting trade," that great boon for which our Crisps, Wilsons, Wellses, and Codmans are contending, there is a difference in the price of good meadow hay in western Ireland and in London of £6 (\$30) per ton. Yet with the flags of all nations free to earn the £6 by carrying £2 worth of hay from west Ireland to London, not a solitary craft offers to do the lonesome job.

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THERE appears to have been general surprise at Mr. Carnegie's indorsement of the Wilson bill. May not the real reason for the great ironmaster's change of front be found in the fact that the Wilson bill would be a personal advantage to Mr. Carnegie, not by promoting the general prosperity of iron manufacturers, but by practically killing off his numerous American competitors, and so give him more nearly a monopoly of the great western market for steel rails? He now manufactures on so large a scale that his cost of production is but slightly above the foreign. American competitors, especially those of southern, western, and, in the near future, Rocky Mountain and Lake Superior regions, will trench on his contracts twenty times where foreign competition will do so once. Low duties will sweep out of existence manufacturers near the seaboard first, and as they disappear his ascendancy in the market may even

relatively increase. Being 400 miles nearer the center of the American market than they, he has the advantage of that, in the cost of transportation, against all foreign producers. What matter if it transfers a third of our iron manufacture to foreigners, so that Carnegie gets greater control of what is left? Is not the supremacy of Carnegie more important than the prosperity of the American nation?

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THIS is an excellent time for American cities, particularly New York, to redeem themselves from their unenviable reputation for dirt and disorder. There are millions of able-bodied laborers seeking work, the failure to get which forced them to become beggars and paupers. It would be better for laborers and the community to give them employment in making public improvements than to spend the money upon them in charity. Since property owners will finally have to pay the taxes to support paupers, or contribute the funds for charity, they would much rather contribute a little more and have it go for permanent public improvements. With the expenditure of a few millions each, the appearance of the great American cities would be revolutionized as Paris was by Napoleon III. Central Park came into existence in that way. It was begun chiefly to give work to the unemployed in the panic of 1857-58. To improve and beautify the great cities at this time would be an everlasting credit to America, because besides making American cities attractive and wholesome, a credit to the public spirit of the country, an inspiration to every citizen, it would do much to obviate the worst consequences of the greatest industrial panic in our history. Now is the time to do it. Let us not be afraid of a few millions.

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IN HIS RECENT "Jackson celebration" address, at Louisville, Colonel Watterson delivered himself very frankly upon the tariff question and the duty of the Democratic party, in which he is so prominent a figure. After

asking what the Democrats were elected for if not to carry out their party platform, and roundly denouncing their present attitude as dishonest and cowardly, he lays down principles upon which a "Tariff for Revenue Only Bill" should have been framed by the Ways and Means Committee. He would place the tax on sugar, tea and coffee, and "continue giving precedence, as far as possible, to revenue-yielding commodities not produced in this country, down through the largest revenue-yielding domestic products," and if necessary add "an income tax, first on inheritances and dividends, and if need required, on big incomes." It may be said for Colonel Watterson's scheme that it is free from duplicity and has the merit of being a purely revenue tariff. It entirely eclipses Editor Dana's bill, because it would yield absolutely no protection to anybody. It is a simple free trade revenue measure. If Chairman Wilson would take Colonel Watterson's advice and introduce such a measure, he would then be able unmistakably to learn whether the people of this country really wanted free trade or whether they had simply been misled by a juggle of words into supporting an anti-protective policy, under cover of pretended conservative protection. There is always virtue in honesty, even when it is wrong-headed.

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AS IF to give special prominence to his bad economics and poor history, Congressman Harter cites the fact that wages are higher in England without protection than they are in France with protection as conclusive proof that no protection is needed in this country. He says: "The facts are that the difference between the English wages and the wages of France is greater than the difference between the wages of America and the wages of Great Britain, and yet Great Britain, within about twenty-two miles of her high-taxed (protected) competitor and paying very much higher wages, does not ask for a protective tariff." Of course, Great Britain does not need protection against France and

Mr. Harter ought to know why. It is not because she is within twenty-two miles of France nor because she has free trade, but it is because she has better machinery than France, and that machinery she secured under a highly protective regime having a monopoly of the factory system. If France had the same machinery as England, then England would need protection or have to yield the field to France. Mulhall estimates that productive energy costs 17 cents per 1000 foot tons in Great Britain, against 27 cents on the Continent, and exclaims: "This advantage enables us as far as labor is concerned to undersell Continental nations by 12 per cent, although our workmen's wages are almost double."<sup>1</sup> This great superiority of machinery in England was developed before she adopted free trade, and the fact that she could thus undersell the Continent by virtue of it was the real reason why she adopted free trade. Now it is exactly because England's machinery is substantially the same as ours that her lower wages enable her to undersell us. If our machinery was as much better than England's, as England's machinery is better than that of France, we should be as impregnable against the English competition as England is against French competition. It is not against the products of low-paid hand labor, but against low-paid labor with highly developed machinery that we need protection. That is why England is a more serious competitor to America than any other country, notwithstanding that her wages are the highest in Europe.

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<sup>1</sup> *History of Prices*, p. 57.

## Economics in the Magazines.

Under this head we only call attention to the articles, in the current magazines, on social and economic questions, giving the point of view or method of treatment and other items that will serve as a guide for readers and students.

*The Nineteenth Century.* "The Scramble for Gold." Under this title are two articles. The first, by Julius Vogel, considers the danger of an inadequate currency, which is the cry made against monometallism by bimetalists, as bringing in its train "diminished purchasing power, a fall in prices, crushing out of less powerful producers, over-supply by the survivors," and consequently "starvation wages." The writer does not find the first of these as yet occurring as a result of the English policy. Yet there is danger from the other nations, and Mr. Vogel is therefore in favor of international bimetallism, the coinage of both gold and silver, making both legal tender for any amount, at a ratio fixed "not very far in advance of the market price at the commencement of the agreement." The second is by J. P. Heseltine, who considers that "for purposes of internal trade, one standard is practically as good as another. It is only when payments for external trade have to be made that difficulties arise." The position of England tends to isolate it, restrict its foreign trade, and is in every way disadvantageous. Some change must be made. He favors bimetallism, and proposes "a ratio with a seigniorage to be fixed by international agreement, and varied as from time to time may be found necessary."

*The North American Review.* (1) "The Income Tax on Corporations," by Hon. William L. Wilson. Mr. Wilson first of all shows the condition of the Treasury, depleted, and the cause thereof. Because of this, new sources of revenue must be sought. The "Income Tax on Corporations" is proposed because here is a class enjoying "public franchises of a very substantial character. Such a tax upon invested capital would be no hardship, would be free from the objections to a personal income tax, and could be easily placed and collected." (2) "Are the Silver States Ruined?" by Gov. Davis H. Waite. We are pleased that he says "Colorado is not ruined." Still, the conditions in

the State are bad; mines closed, and all that follows in the train. To remove these bad features he proposes that each State coin silver and gold for use within its borders, and claims that this is a constitutional right. (3) "How to Prevent a Money Famine," by Hon. James H. Eckels. The writer calls for an education of the American people as to the essential requisite of currency, soundness. They ought not to look to Congress but should employ local means for relief in distress, *i.e.*, banks of deposit and discount, where any man who "wants money could at all times obtain it if he had either credit or salable commodities." (4) "Tariff and Business," by ex-Speaker Reed. It is not to be expected that such a strong advocate of protection, and a leader of the great party which stands for that principle, would find much to approve in the Wilson bill. And he does not. He regards it as "not only drawn but managed so as to do our working people the maximum of harm. It is not a bill for revenue only; does not fulfill the platform of the Democratic party. It has all the forms of a protective bill." He calls upon Republicans to do all they can to save the country from its enactment.

*The American Journal of Politics.* (1) "The Balance of International Trade," by Daniel Strange. The writer shows that the "balance of trade," over which there has been so much discussion, does not reveal the prosperity of our country, or the profit or loss of our trade with other countries. (2) "Aspects of the Labor Problem," by Ned Arden Flood. Here we have briefly presented the varied problems of the working classes, and the varied panaceas. The situation is fraught with danger, but may be safely passed and justice secured to all. (3) "Home Rule: A Plea for Free Cities," by Joseph Dana Miller. A splendidly written article. (4) "Woman and the Wages Question," by Samuel M. Davis. The reasons given for the low wages of women—inefficiency, immobility, and prejudice, do not at all touch the real cause. The solution is therefore ineffective.

*The Forum.* (1) "The Teaching of our Recent Economic Experiences," by David A. Wells. After a review of the present situation, its causes and its results, Mr. Wells is certain that a better popular education in political economy will tend to avert a recurrence. We need to

know "the history of the world's experience in endeavoring to better its material condition, and the making of correct deductions from such experience." (2) "The Principles and Method of the New Tariff Bill," by Hon. W. L. Wilson. Mr. Wilson believes "Taxes should be exacted from the tax-payer for public purposes alone. The bill has been framed with this principle in mind. It does not go as far as its framers or the party desire, but is a step in the right direction. The really great and beneficent reform of the bill is the release from taxation of the great basic materials of modern industry. This is beneficial and necessary to the workingman. It will give larger markets." The ad valorem feature of the bill he regards as justified by the experience of the last four years. The reduction in taxation of at least sixty million dollars, he calculates will afford great relief to all classes. (3) "The New Sectionalism—A Western Warning," by Prof. L. M. Keasbey. This article shows succinctly the process of reasoning through which the silver miners and the farmers of the West have passed, in coming to the position of the Populist party.<sup>1</sup> (4) British Investors and Our Currency Legislation," by W. Wetherell. The writer is of the opinion that the repeal of the Sherman silver-purchasing bill made little difference to British investors in American securities. At present they are anxiously awaiting congressional action on the tariff, which of course they expect to be to their benefit. They regard our pension laws with apprehension. Generally they look for the adoption of better and sounder financial policy.

*The Review of Reviews.* Two articles on relief work, by Albert Shaw and Rev. Washington Gladden, D.D., are of present importance to all interested in aiding the unemployed. Editor Stead contributes a not altogether valuable paper on "The Mission and Destiny of Canada." In reference to the tariff, the editor, Mr. Shaw, urges the Democrats to take the time necessary to the preparation of a bill framed upon permanent and radical lines, and not be satisfied with a makeshift like the Wilson bill. Whatever the bill, "by common consent and understanding it should remain substantially unchanged for ten years. It is, upon the whole, easier for business to adjust itself to the tariff, than for the tariff to adjust itself to business."

<sup>1</sup> See article in this number, "Colorado's Mistake About Silver."

## Among the Books.

*Les Bourses du Travail.* By G. DE MOLINARI, Editor-in-chief of the *Journal des Economistes*. Guillaumin & Cie, Paris. 1893. pp. 335.

Do laborers get a fair share of the good things of this world which result from the joint efforts of labor and capital? The answer which M. de Molinari gives to this question is both affirmative and negative. He holds that wages to-day constitute more nearly than formerly a just proportion of the product of industry; but also that they will continue to absorb a larger and larger portion; that this further increase will come, as every past acquisition has come, through remedies adopted by the laborers themselves to improve their condition, and not from intervention on the part of the state; and that a higher social level is to be attained only by the modification and perfection of the institutions under which we are now living.

He is an economic evolutionist, and writes in the fear of the possible consequences of socialism. He believes that socialism has become epidemic; that measures of repression are not sufficient; that it is quite possible that the first portion of the socialist program, the expropriation of the capitalist class by a social revolution, will be successful, particularly in view of the fact that governments are trying the homœopathic remedy of opposing revolutionary socialism with state socialism, and this more than anywhere else in the most democratic of all countries, the United States.

He therefore presents a philosophy of the labor problem, emphasises the social necessity of a contract relation in industry, and urges the modification and perfecting of the wages system. His theory of wages is that the price of labor, like that of everything else which is bought and sold, is determined by cost; that there is a necessary rate of remuneration for labor which represents the expenses of producing labor—the cost of living of laborers; and that this is the just return for their services in industry. The chief obstacles in the way of making this larger are the secrecy which laborers and capitalists alike persist in maintaining regarding the rate of wages actually paid, ignorance as to the real condition of the market, its limited extent, and the retail methods and pressing necessity of the laborer as seller in the same.

The author believes that the remedy lies in "*widening the market for labor.*" The benefits derived would be greater security of income and regularity of employment, and higher wages; the time is opportune; it is the next step in industrial evolution. Moreover, this would only be extending to labor the process of evolution which has already reached capital and the production of a large number of staple products like cotton, wool, iron, the cereals, and so forth. He urges the establishment of boards of trade and stock exchanges in which labor should be the article dealt in, and devotes the larger half of his book to an historical account of the attempts to establish these "*bourses du travail*" in France.

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*The Children of the Poor.* By JACOB A. RIIS. New York: Charles Scribner's Sons. 1893. pp. 300. Illustrated.

This work relates primarily to the children of the tenement house poor of cities, and more especially to those of New York. Five or six million people are now concentrated within a radius of twenty miles of London, and more than four million within thirty miles of New York, a large proportion of whom are sheltered in tenement houses. Under the old conditions of social life, pestilence and disease that flourish where poverty abounds kept the population somewhat in check, but under our present conditions, with better sanitary regulations, the children are born to live and not to die. The education of these children is the most important and perhaps the most difficult problem which is presented to our civilization. The author, out of the kindness of his heart, dwells much on the innate goodness of the children of the slums, as if the reason for their turning out so badly is to be found in the evil education of their environment, and he pleads for that help and care which will retain the goodness and cultivate the nobler qualities, without which they will go to the bad. Perhaps he greatly overrates this innate goodness, but we must heartily agree with him that education, in the best sense of that word, is an important and practical corrective and should be applied to the fullest extent. The literary style of the work shows the school wherein the writer is trained. There is a newspaper familiarity with the slang of the gutter, but the subject matter is of such interest that these defects may be overlooked. Its relations

to the political future of the country are such as to give it an interest outside that of mere philanthropy. The relation of the question to local politics, to the industries, and to the development of good citizens whose training is now, too often, guided and directed by aliens, should awaken the American citizen to more positive action in this matter.

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*The Cosmopolis City Club.* By REV. WASHINGTON GLADDEN, D.D. New York: The Century Co. 1893. pp. 135.

In this little book we have in a convenient form the series of papers originally published in the *Century* magazine. Dr. Gladden has made quite an extended study of municipal government, both in the United States and foreign lands. Many observers of our institutions have seen in our cities the one weak spot of a democratic form of government, and with them Dr. Gladden agrees. In this book, under the guise of a record of the origin, development, observations and accomplishments of a club devoted to a study of municipal problems, he points out the weaknesses of our system, and suggests various methods of improvement.

The club, composed of men of all shades of opinion, political and religious, is based upon the idea that in each city there is need of an organization of the industrious and respectable, with principles upon which all well-disposed persons may unite, which shall make a study of the problems of its own city, put them before the people, and take the lead in training citizens to active and intelligent participation in public affairs. The object is educational. It is not to make nominations, but to exert an influence that the national parties will have to recognize in making nominations. Here Dr. Gladden has struck a sound principle, and it is unfortunate that he allows it to be lost near the conclusion of the book. The national parties should be held responsible for the principles and policies of every division of the affairs of government, from the president down. They should have principles and policies for every department, national, state and municipal.

As for the ideal charter, we are of the opinion that it is open to objections, some of which are given in the book. The idea of one-man-power is a departure from democratic principles, and tends toward absolutism and despotism.

We do not like it. The short term of office is commendable. All the other reforms can be secured by clinging to the first principle of making national parties responsible for all acts of their representatives, from the highest to the lowest. We are in favor of home rule for cities, and here agree with Dr. Gladden. We want to see responsibility placed where the people can have an opportunity to approve or disapprove. Dr. Gladden's book is worthy a wide reading, only readers must be careful not to be led away by the "ideal" charter, or his tendency toward municipal ownership of some franchises. Here again he is led astray by Nationalist vagaries.

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*Oliver Cromwell.* By GEORGE H. CLARK, D.D. Boston: D. Lothrop Company. 1893. pp. 258. Illustrated.

Dr. Clark had for his purpose in writing this story of the Protector, the presentation in briefer and more popular form of the Cromwell pictured in the scholarly and extended work of Carlyle. In the popular mind Cromwell is known only to be condemned. Nothing good seems to be known. This is due to the sources from which facts concerning Cromwell have been taken. But there is another and altogether different view to be taken of this prominent figure in English history. Carlyle was among the first to discover and present this brighter and purer picture, but his work is not adapted for popular reading. In order, therefore, that the conclusions of Carlyle may be presented to the people, Dr. Clark writes. In his estimation, Cromwell was the greatest and purest ruler ever known in England; the most interesting man who ever had any connection with the English government; wise, true, and noble, with the record of only a single deed to the contrary. All statements otherwise are utterly unproven. Considerable attention is paid to the charges made against Cromwell. Constant reference is made to royalist aspersions, and the author is occasionally conscious of their wearinessome to the reader, yet he feels forced to notice them. He refutes the most important charges at length.

The story is quite interestingly told, and it is perhaps impossible to do better with the subject, yet it is hoped that a more direct narrative will be written, devoting less attention to consideration of the works of royalist calumniators. The illustrations are from old paintings and prints.



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GEORGE GUNTON, EDITOR.

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# SOCIAL ECONOMIST

MARCH, 1894

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## Sound Economics in Congress.

The speech of the Hon. Thos. Brackett Reed, closing the debate in Congress on the Wilson bill, marks the advent of sound economic discussion into the United States Congress. It is the first serious attempt to discuss the tariff question in the national legislature on a truly scientific as well as democratic basis. The proposition that the principle of economic protection is to preserve the conditions and opportunities of a higher civilization against the drag-down influence of a lower civilization is the true economic application of the evolution principle, the "survival of the fittest," social superiority always being the test of fitness. The criterion of superiority is the wages and social life of the laboring classes. This was the keynote of Mr. Reed's great speech, and it was this which at once gave newness and depth and breadth and power and the ring of true leadership to his remarks, and it is this which will make his speech a landmark in the history of economic statesmanship.

Besides recognizing the important fact that the success of industrial enterprise now depends not merely upon production, but primarily and permanently upon the consumption of wealth by the masses, Mr. Reed sees that wages are determined, not by the relation of supply and demand, but by the social standard of living in the community, and consequently everything which tends, even remotely, to impair the standard of living, or restrict the social wants and desires of wage-earners, tends to lower wages, and

thereby destroy the very foundation upon which the whole structure of capitalistic enterprise rests.

"This question of wages," says Mr. Reed, "is to me the vital question. To insure our growth in civilization and wealth, we must not only have wages as high as they are now, but constantly and steadily increasing. [Loud applause from the Republican side.] No applause, I notice, from the Democratic side. This desire of mine for constantly increasing wages does not have its origin in love for the individual, but in love of the whole nation; in that enlightened selfishness which requires that your fate and mine, Mr. Speaker, and the fate of your descendants and mine, are so wrapped up in the fate of all others, that whatever contributes to their progress gives to us all a nobler future and a higher hope. I do not wish to use the word 'contribute' as adequate to describe the influence of wages on human progress; that would be to belittle the subject. In my judgment, upon wages, and the consequent distribution of consumable wealth, are based all the hopes of the future, and all the possible increase of our civilization. . . . The increase will never come from the outside, will never be the gift of the employer; it must come from the improvement of the man himself. Can you get a carpenter or a bricklayer to work for twenty-five cents a day? He did it in England in 1725. To-day in the United States it is a poor place where he cannot get ten times that sum. Why does he have to have ten times as much? Because the carpenter of to-day could no more live as did the carpenter of 1725 than he could live in a cave and hunt snakes for food. The difference in wages means a difference in living, and the \$2.50 is as much of a necessity to-day as the twenty-five cents was a hundred and fifty years ago."

Herein lies the essence of the new economic gospel; a gospel whose corner-stone is the democratic basis of industry. The idea that the standard of living and wages of the masses constitute the chief market for the products of

modern industry, involves a radical change in the point of view of economic discussion and public policy. It involves the discarding of the now exploded notion that wages and prices are governed by supply and demand, and the substitution of the cost-of-production principle which inductive economics now recognizes, viz., that wages ever tend to equal the cost of supplying the social necessities or established standard of living of the wage receivers; and that those wages constitute the great purchasing force in modern society upon which the great capitals and most productive methods chiefly depend. In short, that the success of capitalistic enterprise and national development, and all that this implies in the growth of modern society, primarily depends upon the expansion of the social life and daily income of the wage classes.

This is the foundation of an essentially new school of economics and national policy; a school that is distinctly American. It is American because it is the outcome of American industrial conditions. Not merely that it is applicable to the local conditions of the United States, but because America occupies an advanced position in social development as represented in the national interdependence of diversified industries and social solidarity. This doctrine will be to the statesmen of the twentieth century what the teachings of Adam Smith have been to the nineteenth. "The Wealth of Nations" was a herald of middle class economics. Its whole conception of industrial relations was from a middle class point of view. He represented the manufacturing and mercantile interests, as distinguished from those of the landed aristocracy. The laboring class consumption had not yet become an appreciable factor in the market for the productions of this manufacturing class. Laborers were regarded as mere productive force, to be used as much and to be paid as little as possible in order to supply middle class demands cheaply. This led to the pursuit of middle class markets, and, as the factory system developed, made foreign markets

indispensable to English industrial success. Thus foreign markets and free trade became an economic necessity to English middle class economic policy.

America represents the next step in economic evolution. Our declaration of political independence was issued the same year as was Adam Smith's *Wealth of Nations*; hence our national birth and industrial development have been under the regime of the factory system. English policy, dictated by the necessity of middle class statesmanship, forced us into a home market policy; a policy which made the consumption of our own people the basis and limitation of our national production—conditions which have never yet existed in England. This really changed the market basis of society from the consumption and social standard of living of the middle class to that of the wage classes. This evolution constitutes the transition from middle class economics to democratic economics.

Although this democratic basis of industry is a distinctive feature of our industrial development and national growth, we have insisted upon treating it chiefly from the point of view of English middle class economics. With a few exceptions our leading colleges have continued to teach from English text-books, or those patterned on the English model. The doctrine of supply and demand still flavors the greater part of American economic literature; consequently, our journalists, essayists and publicists generally write and speak from an English rather than an American, from a middle class rather than a democratic economic point of view. The whole tone of speakers in Congress, and editorial writers throughout the country in favor of the Wilson bill, is for lower home wages in the hope of capturing foreign markets, oblivious of the great new fact of the century, that the increasing wages and consumption of the laboring classes are the foundation of modern industrial prosperity. Indeed, this evolution which is distinctly typified in American industrial history has been hitherto practically a sealed book to American economists.

and statesmen. We have come to our new position by industrial necessity rather than by economic foresight and a scientific recognition of the industrial transition.

Nor is this so exceptional as it might first appear. It is characteristic of human progress that mankind first do things and then learn to explain the reason why. Inductive reasoning is but the logical explanation of experience. The philosophy of history is but the rational interpretation of why the human race have changed their industrial methods, moral codes, and social institutions, and why they are remodeled differently in different countries under different conditions. In short, the science of statesmanship is but the reduction of relatively blind experimentation to general principles for future guidance.

The English school of middle class economics did not create English middle class industries but was the outcome of them, regardless of the economic notions of mediæval England and the pessimistic predictions of schoolmen and repressive influence of the landed aristocracy. The English middle class persisted in their trading methods; they paid and received interest, preferred manufacture and commerce to agriculture, and wage labor to serfdom, and after four centuries of persistent doing, against the traditional theories of the period, they developed an economic school to explain why they had persisted in their progressive course.

The labor movement is another example of the same universal tendency. Laborers have organized into unions against the protests of economists, statesmen, and philanthropists; even entering into conflicts with apparently irresistible odds, and sometimes suffering seemingly crushing defeats. Yet they persistently demanded higher wages when the capitalists declared it was impossible. They have insisted upon reduction of the hours of labor without diminished pay, in the face of predictions that they would ruin the industries of the country. They have opposed the employment of young children in factories

and mines, and demanded sanitary and other protective workshop legislation, often for entirely mistaken reasons. But their persistence has succeeded, and now the world recognizes that they have in the main been right, and modern economics demonstrates that the instincts of the masses are more correct than the economics of the classes. Henceforth trade unions, factory legislation and enforced schooling of working children are to be recognized as necessary economic forces in the industrial and social advance of the community. The political economy that now ignores these, only emphasizes its own uselessness as an economic system.

It is not surprising, therefore, that the same should be true of the American school of democratic economics and public policy. Like the people in every progressive era, we have been wiser than we knew. Our practice has been better than our theory. We have believed and taught nearly all the heresies of the English school; and as if to demonstrate the superiority of our native sense over our economic theories, utterly disregarded them in our national policy; and like trade unions and other natural movements, the disregard of our accepted economic tenets in no wise prevented our success.

But the failure intelligently to understand the social significance of their own conduct, put protectionists at a constant disadvantage with the traditional opponents of our natural policy. The professional class, who only know economics through generalizations drawn from English thinking instead of American experience, have furnished the chief inspiration to the anti-protective movement. They have persistently played upon the English postulates that prices and wages are governed by supply and demand, assuring farmers that the prices of their crops are determined by competition in Liverpool and consequently are free-trade prices. They also assure laborers that their wages are determined by the competition of workmen and hence are not affected by protection, all the benefits of

tariff legislation going to capitalists. Against all this protectionists have had no adequate reply, because they themselves have accepted the same English postulates regarding prices and wages. Consequently their chief defense has been to point to the national prosperity under protection. Free traders, while admitting the fact, vigorously deny that protection is the cause, and so again put protectionist advocates at a positive economic disadvantage.

By these sophistical methods free traders have more than once induced the American people to disregard their own experience and change their national policy to suit the requirements of free-trade economics, only to experience industrial chaos and social disaster. Our present industrial condition is but one of several of these experiences.

The influence of leading colleges and of the professional classes has formed the chief background for this retrogressive movement. Their habitual tendency to substitute English postulates for American experience as a criterion for judging our national policy has entirely controlled the action of the majority party in Congress. They have broken all previous records in this respect, having actually refused to hear the testimony or consider the experience of manufacturers and business men of the country upon the subject. In the debates the arguments have been almost exclusively academic; assuming English economic positions as axiomatic, and treating the whole subject as if the United States were the duplicate of England in the first half of the century.

To all this classical *a priori* method of treating the subject, Mr. Reed has given a serious shock. Besides adding a number of pertinent though greatly neglected facts in English history to our own, he squarely challenged the economic doctrines upon which their whole stilted reasoning rests. It was a shock to the whole economic fabric of the majority party when Mr. Reed nearly took away the breath of their chief orator, Bourke Cockran, by the

announcement that the doctrine of supply and demand is an exploded back number. And in his confusion Mr. Cockran was forced to show the belatedness of his economics by admitting that he had never before heard the law of supply and demand questioned.

In his speech closing the debate Mr. Reed still further surprised Congress and the country by the bold announcement of the new economic doctrine—the doctrine that *the social life, and consequent wages of the masses, is the foundation upon which modern industrial activity rests and rising wages is the corner-stone of our national prosperity.* This is really the declaration that in America, and henceforth in all civilized countries, the success of the millionaire enterprises rests upon the home comforts of the laboring classes, since the social life and consumption of the masses alone can inspire and sustain the productive uses and profit-creating capacity of capital. As we have said, this represents the new industrial relations brought into existence by American conditions—the democracy of industrial demands. It also for the first time projects into practical statesmanship the doctrine of the new school, the American school, the democratic school of economics.

Now that Mr. Reed, the acknowledged leader of his party, has crossed the breastworks of the old school, and carried the colors of the new distinctly to the front, it only remains for the party to follow its leader, and take another step forward in economic doctrine as well as policy, and give the American school of economics national significance. The tariff question, the wage question, the southern question, the money question, the questions of annexation and immigration, will then assume a rational relation to truly democratic national statesmanship. Their solution will then be in accordance with the instincts of the masses, the interests of the capitalists, the honor of the republic, and the progress of civilization.

## The Census Distribution of Wealth.

The census of the United States, as also of Great Britain, shows a concentration of productive wealth, so far as its ownership and control are concerned, which is the continual topic of socialist complaint. To make such an exhibit intelligible and instructive in an economic sense, and to have precluded the socialist outcry, it should have been accompanied by a correspondingly clear presentation of the absolutely social use to which all income-earning wealth is put, and of the relative equality in distribution for consumption of consumable wealth, which is brought about and aided by this very inequality in the distribution of productive wealth. A comprehensive census of the wealth of both kinds would show that the highest proximate equality in the enjoyment of consumable wealth, as indicated by the lowest rate of profit on capital, and the highest standard of living and wage rate among workers, is the invariable accompaniment, and in fact the cause as well as the effect, of the concentration in ownership of reproductive wealth. In short, a comprehensive census would show that great fortunes are only possible in a country where the moderately competent are exceedingly numerous, and where the consuming power of the common people has reached the maximum. Only in the presence of great equality of consuming power in all the masses of a community does it become necessary for the capitals which compete for the privilege of supplying consumers' demands to so mass their ownership as to give rise to these phenomenal fortunes.

The various bureaus for the collection of economic data can only collect what Congress instructs them to collect. Congress has in this instance instructed the Census Bureau to collect particulars relating to the ownership of productive wealth, without calling for any facts whatever relating to the distribution of consumable wealth.

Few even among economists distinguish between the ratio of distribution which the general interests of humanity require in the case of productive wealth, and that

which the same best interests require in the case of enjoyable wealth. Even Mr. Mill fell into this error. About one-third of our congressmen commit the same blunder. They furnish ready ground in which socialism springs up without seed, by assuming the absolute justice and humanity of abolishing inequality in the ownership of productive wealth. They assume that it is to be done by impeding the natural processes of wealth accumulation by the confiscation of profits, interest, and rent in their accruing. Under this socialistic influence even certain men of wealth seek to atone for the vigorous practice of individualism which made them rich by keeping a promise of future poverty on tap to amuse their friends. Mr. Andrew Carnegie, for instance, thinks the large fortunes have a reprieve during one life only. Their original accumulator is to be allowed to make all he can, with the implied understanding that his wealth shall be scattered at death. This is a survival of a notion once widely prevalent that the accumulation of wealth is at the best an offense against sound ethics, and that the truly good man will always be poor.

Pseudo-economists who jump at these socialistic assumptions do not stop to think that in no case, except perhaps that of the United States sub-treasury, does a great accumulation of wealth consist of misers' chests, or dead hoards of gold or silver dollars withdrawn from use. Nor does the accumulation of large fortunes involve the absurdity of a millionaire who already owns a billion neckties staying half an hour later at his office to get one more necktie. Such a sarcasm brings into clear relief the point that a great fortune invested in consumable and perishable articles is an absurdity. If a rich man should show any signs of so investing his fortune, his heirs would promptly cover him with an asylum and he would be classed as insane. He could no more invest his fortune in enjoyable wealth than the president of a railway could burn its depots. Hence the distinction between the productive wealth in which all great fortunes or income property consists, and

that enjoyable wealth which ministers to immediate individual consumption, is essential to social sanity.

Productive wealth earns an income, or aims to, and remains at the end of the year to keep on earning. Enjoyable wealth confers a pleasure, and disappears more or less instantly in the act of conferring it. Productive wealth, in proportion to its capacity to produce income, consists of matter so arranged as to have become non-enjoyable by its owner, in order that it may be socially useful in the highest degree to its non-owners. The capacity of its owners to get enjoyment from it depends upon the service it renders non-owners (the community). All that owners, as such, get, which non-owners do not, is the power to control its management so as to make it earn an income. All productive wealth is in social use. A seat in a railway car, omnibus or theatre, a tenement in a building, a room in a hotel, shows productive wealth in social use. Their function is to meet the popular want and desire, whether it be for travel, pleasure, home, shelter or commodities. The fees or prices paid for these commodities taken together constitute the means of reimbursement to the owner of the capital invested in furnishing them at the point of demand. What he receives for satisfying a public want reimburses him and constitutes the productive power of his capital. The wages he pays to the labor he employs is labor's share of the price obtained for the service. Stocks of goods on sale are consumable wealth to the purchaser but only productive wealth to the merchant. He holds them only to earn the income derivable from their sale. Passengers on a railway purchase transportation, and to them the ticket is the evidence of their title to a consumable and enjoyable commodity which perishes at the end of the journey. The rolling stock with which the service is rendered is the productive wealth of the company, and earns an income for its owners proportionate in some degree to the magnitude of its social services. These increase with the cheapness of its freights and fares, and these with the number of its feeding

routes, and these with concentration in control, and this with unity in ownership.

Productive wealth, therefore, is a form of wealth in which equality of ownership would be destructive of its value. Inequality, or concentration into a few hands, is essential to its utility; and as its utility is always social, it becomes a law of economics that the fewer its owners the more numerous are its beneficiaries. While this principle finds a prominent instance in railways, it is equally true in factories, banks, grain distributaries (including both the elevators and the boards of trade), and even in real estate or farming. The larger the concentration of capital in a factory per capita of hands employed, the greater the magnitude of the output per hand, and yet the lower is the cost of production and price of the product per unit. The social efficiency of the capital and labor employed in the factory increases at each step in concentration of ownership of the machinery into fewer hands.

Through the corporation the employers are reduced to a unit for management. Through the trade union the labor employed, whether in one factory or in all the factories, is either reduced or sought to be reduced to a unit for the purpose of managing the wage contract with the employer.

The United States is the country of the largest land areas concentrated under one control for working farms, and also of the largest proportion of capital employed in farming to each hand employed. The smaller areas and relatively smaller capitals employed in other countries result in a smaller product of grain per capita of farm hands or workers, which is shown by Mulhall as follows:

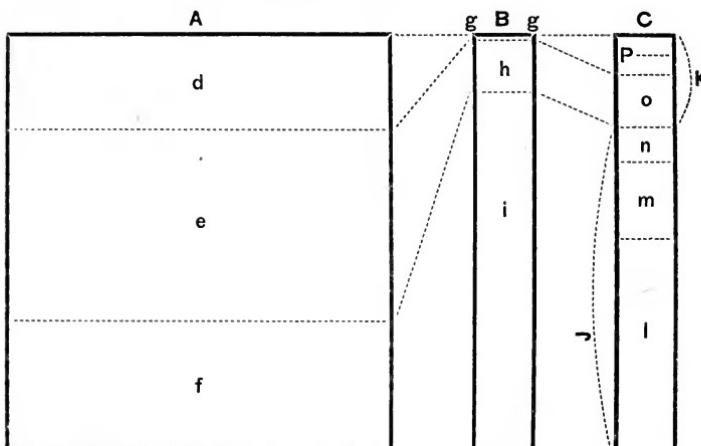
BUSHELS OF PRODUCT, PER WORKER.

United States.....	920	Germany.....	245	Spain.....	16
Great Britain.....	540	France.....	220	Russia .....	15
Canada .....	350	Austria .....	180	Italy.....	14

The relative rates of wages in these several countries cannot fail to bear some proportion to the rate of production per agricultural worker, and this in turn is manifestly

proportionate to the joint operation of magnitude in area of tillage, combined with magnitude in aid of machinery. In short, the reinforcement of man by gratuitous cosmic power forms an important part of the expansive force which determines wages upward. In Dakota one man's labor raises 5,500 bushels of wheat per annum. In Minneapolis one man grinds and barrels it, including cost of barrel. Two more men transport and deliver it by railway in New York. Three more bake and distribute it. Thus seven men's labor serves one thousand men with bread. If seven men working a given period can keep one thousand men in bread, and if all the bread in use were actually produced at the same low cost, bread would at the average cost each worker in the country only 7-1000 of his labor, or the labor of hardly more than one day and a half each year. Humanity is interested in the result, that each man in one thousand gets his year's bread at this low cost in labor. This tends toward that equality in consumption at which humanity rejoices. But it is only on seventy-thousand-acre farms where about \$6,000 of capital works with each worker that the wheat is raised at so low a cost. It is only in the vast mill where a like capital co-works with each miller that it is so cheaply ground. Hence, so far as humanity desires this tendency toward equality in the consumption of bread, it must desire the bonanza farm, the immense mill and the great trunk railway. It cannot desire that everybody shall own land as in Russia, or that all farms shall be small as in France and Japan and Asia generally, without desiring also the low Russian and Asiatic wage rate and the small peasant product. It must accept and welcome as blessings the larger and machine-worked farms of Dakota, the great mills of Minneapolis, and the great trunk lines. It must even welcome the boards of trade that steady and fix prices and the banks that cheapen the movements of the freight by manufacturing out of pure "credit" the supposed "money" which owns the crops while in transition.

Let us now apply these economic principles to the concentration of productive wealth as indicated by the census, as shown by the following diagram:



- A. The productive wealth as shown by census, \$62,000,000,000.
- B. Population, 62,000,000. Average wealth per capita, \$1,000 each.
- C. Consumable wealth of each year, \$10,000,000,000. Average, \$160.29 each.
- d. Wealth owned by millionaires, 20 per cent or \$12,400,000,000. Average, \$3,000,000 each.
- e. Wealth owned by capitalist employers, 51 per cent or \$31,620,000,000. Average, \$28,000 each.
- f. Wealth of class worth less than \$5,000, 29 per cent or \$17,980,000,000. Average, \$1,497.01 each.
- g. Millionaires,  $\frac{1}{10}$  of 1 per cent of population, 4,074 families.
- h. Capitalist employers, 9 per cent. of population, 1,092,218 families.
- i. Wage workers, including salary, fee and small profit earners, 91 per cent of population, 11,593,000 families.
- J. Total wages paid to 91 per cent of population by 9 per cent, \$8,560,000,000, being 85½ per cent of annual production.
- K. Total consumption of annual product by wealthy persons, \$1,440,000,000, being 14½ per cent of annual product.
- l. Wages of producing consumable wealth.
- m. Wages of creating annual addition to productive wealth.
- n. Wages of preventing decay in productive wealth.
- o. Per capita consumption by persons of wealth according to number only.
- P. Fund for surplus consumption by capitalist class.

The figures of productive wealth and percentages in the population column are from the census. In the column of annual consumption it is assumed as an average that half the value of the annual production was paid in wages, being five billion dollars. The censuses of 1880 and 1890 show an increase in productive wealth of one billion seven hundred thousand dollars each year, which is made by

using that sum, in consumable wealth, as wages to pay the men who perform the labor of creating the new productive wealth. All productive wealth tends to wear out and disappear, which can only be counteracted by employing wage workers to restore it. This brings another share of the consumable wealth produced each year, to do the repairs essential to prevent this waste. Calling the average tendency to waste on all productive capital three per cent per annum, this would be one billion eight hundred and sixty million dollars, which, added to the wages of commodity production, and to the wages paid to extend plant and to produce new investments, amounts to eight billion five hundred and sixty million dollars, which go to wages and to consumption or saving by the wage and small proprietor class. Allowing the upper nine per cent of population a necessary consumption proportionate only to their number, deducts nine hundred millions more, leaving only about six hundred million dollars per annum for the purely ostentatious and luxurious consumption of the aristocratic class, or about five hundred dollars per capita per year in excess of the consumption of the ninety-one per cent.

In this distribution the topmost class represents the multi-millionaires, averaging \$3,000,000 each. All of their wealth is in some form of social use which will generally be found to be efficient or active in its services to society, and at the same time low in its charge for services, in proportion to its magnitude. They consist of shareholders and bondholders in banks, railways, manufacturing and mining enterprises, cities or governments. In short, of the investments that lie at the core of the social undertakings.

The capitals invested in banking are generally those whose use is most actively social, because banks are mechanisms for duplicating credit, in a manner that has the effect to breed real capital so that many persons have the effective use at the same time of the same wealth. One bank in New York based originally on \$300,000

capital, but having now \$27,000,000 of deposits (which it may be assumed to re-loan every sixty days), may be said on this basis to turn over its original capital once every twenty minutes. Even the English banks turn over actual capital so often through manifold duplications of credit that in a country where 3 per cent is a fair interest on a loan they frequently earn 20 per cent dividends. Railroads follow next after banks in the degree in which their capital (cars, engines, etc.) is in social use. The great stores for the sale of goods, markets, exchanges and factories follow. Far to the rearward follow the farm and after it the forest, whose use is the most individual and least social of all the forms of productive wealth. Many farms turn over their capital invested (*i. e.*, sell produce equal in value to the farm) only once in five years, and slowly in the degree that they cease to be worked for profit and are held as homes.

In the millionaire class hardly any wealth whatever is withdrawn from social use to act as a buffer against want or distress. They give checks for all expenses, thus indicating that they have no strong chest, no buried hoard of gold or bills, but that the portion of their means on which they depend daily for consumption is always in bank and therefore in social use.

In the third or wage working class the reverse is true. Hardly any of the \$1,497.01 which it averages is in social use. Nearly all of it is in reserve as a buffer against distress, or in individual use in the form of a house, lot, furniture, cows, pigs, chickens, books, or, in France, a stocking full of coin. A more social use is, in England, a share in a building association, or in the United States a deposit in a savings bank. Hence, in all wage-working countries, the 91 per cent of population who have the 29 per cent of wealth rely almost wholly for earnings and income on the wages which come to them from working in connection with the 71 per cent of wealth belonging to the 4,047 families of multi-millionaires and to the 1,092,218 families of entrepreneurs. Their own 29 per cent of the

country's wealth yields them income only so far as it may represent a vegetable garden or a small store in connection with which they work as petty merchants or petty proprietors.

Hence the source of the support of the 11,593,000 families in the basic or labor group is to be found wholly, not in their own wealth, but in the division of the earnings which arise through their labor when employed, at wages or on shares, in conjunction with the capitals invested reproductively or land owned by the multi-millionaires and the entrepreneurs. In short, the 71 per cent of wealth assigned by the census to these two classes is all made income-earning or productive because it is all employed in processes in each of which it will be found that the labor bill or wages bill is the first great burden to be borne. It usually swallows up the larger half of the gross returns of each process of industry in which it engages. And three-fourths of the remaining half are absorbed in uses whose outcome is immediately social. The 71 per cent of the wealth of the country which belongs to the multi-millionaires and the entrepreneurs is therefore the labor-employing and wage-paying capital of the country. It amounts to \$42,723,104,000. This is the part of the national wealth (slightly over two-thirds) whose employment either in industry or ostentation or luxury gives rise to all wages.

The gross earnings of the national industry or the value of its gross annual product foots up under the partial duplications unavoidable in a census at about 24 per cent on this gross capital, or say \$10,253,544,960.

In many of the large industrial processes, taken as wholes, such as the railway industry, iron and steel manufacture and the like, the gross earnings made are so distributed that about half, in the rough, go out to pay the immediate wages of the process under consideration. We need not sift the basis or stop to qualify this generalization. Some proportion, however, of the joint earnings of capital and labor is paid as wages or obtained as the share of the

working tenant, and as such supports the 11,593,000 families who number as poor or workers. Their own capital aids almost nothing toward the object. Assuming this proportion to be half, it would amount to \$5,126,772,480, or \$433.60 per family.

When the preponderant wealth of the multi-millionaires and entrepreneur groups is thus regarded as the resource of the wages, salaries and fees of the 91 per cent who are in fact supported by wages, it is seen how, with so great inequalities in the ownership of the productive wealth of the country, the rate of consumption of the consumable wealth, *i. e.*, of food, clothing, shelter, and necessities of life, is much more nearly equal than the ownership of productive wealth and far more equal than the distribution of consumable wealth could be without the economies effected by concentrating title to productive wealth. The wage stream flows from the investments of the first and second groups to the great basic group. It results in conferring upon the individual member whose productive wealth foots up so low an average, a power of consumption whose aggregate demand for products forms almost the whole field for profit to the first two groups. The poor are by such vast odds the more important class as consumers that it may be said that the chief function of all the surplus capital of the wealthy is to act as the medium and means of inducement which causes the great 90 per cent to labor constantly for each other's welfare. The limitations on the aggregate capacity of the wealthy to consume or waste wealth are exacting and incessant. The forms of wealth in which they invest for costly consumption, as wines, diamonds, pearls, furs, paintings, silks, oriental goods, curios, etc., only employ labor slightly more distant, in Spain, Peru, Africa, Ceylon, China or the Arctic. Investments for storage and show of wealth, as in diamonds, statues and paintings, are all, like costly palaces for residence, exceedingly enduring. After a personal deduction for consumptive use for each family of the employing class,

there remains no other possible use of its income than either,

1. To extend its field of operations, which only employs more labor; or
2. To improve its process by introducing more machine power, which only cheapens the product; or
3. To invest for income, which adds to the welfare of labor in some other field; or
4. To expend in ostentation or luxury, which is a mode of dispersion of wealth among laborers at some point.

And thus at the end of some gamut of expenditure, more or less extended, the whole wealth earned is distributed with the one final outcome assured, that labor somewhere and at some time must get it nearly all, provided the term labor be defined broadly as including all effort toward the satisfaction of human desire.

No person who analyzes the social functions performed by all productive wealth to their ultimate, can conclude that any immediate interest of humanity would now be served by an increased equalization in its ownership. If at any future time it shall become economical, the tendency will appear in a greater tendency of wage workers to purchase shares in the companies which employ them. The earth's surface would not be made more fruitful if all its inequalities were reduced to a level. It would simply destroy all fertility. So the equalization among all the members of society of the ownership of the wealth that is now productive would clearly end its productiveness. Wages could not exist, nor capital, nor civilization.

## Triumphs for Eight Hours.

The SOCIAL ECONOMIST hails with delight the taking of at least two decided steps toward the forty-eight-hour week by the present English government. Some time since we noted the adoption of an eight-hour law for miners with the indorsement of both Mr. Gladstone and Mr. Balfour. Now another step has been taken that cannot fail to hurry the movement in many other directions. The English government has announced the extension of the forty-eight-hour week to all War Office factories and workshops, with no reduction in wages. Indeed, the government, instead of reducing wages, which has usually been a threatened accompaniment of a reduction of hours, has actually increased the minimum rate of wages of laborers from 17*s* to 19*s* 6*d*. The Financial Secretary of the War Office said "the government had gone most carefully into the subject and found that they were justified in thus increasing wages. They had not done this merely as philanthropists, but from a conviction that the higher wage enabled them to secure a better class of laborers, and to get better service from them." He also said he would not have favored the adoption of fewer hours unless he had been perfectly convinced that it was sound both in the interests of the men and the nation. The London *Daily Chronicle* regards the adoption of eight hours in the War Department "as a great industrial change, by far the most important achieved by any government for the last quarter of a century. . . . Its importance in the opinion of every observer here transcends every administrative act so far as the interests of labor are concerned."

These changes are due almost entirely to the agitation conducted by the labor unions and their representatives in Parliament. Especially influential in the change in the War Office was Mr. Burns, who is one of the really strong leaders that the laborers have produced. He has risen from the ranks not only to a position of influence among the

workmen, but to a place of respect and honor among the higher classes of England. Everywhere he is highly regarded for his practical sense. When, soon after his election to the House of Commons, he began to work for the reduction of hours in the government workshops, he was confronted by a Ministry whose leader and probably every member of which was opposed on economic grounds, social prejudices and political principles to a concession of any kind. Nearly all had been educated in the *laissez faire* school and were grounded in its theories. But after some agitation, and many interviews between the government and the representatives of the labor unions, it was decided to try the experiment of eight hours at the cartridge factory in Woolwich Arsenal. The director-general of the arsenal was not in sympathy with the experiment, nevertheless it was carried on with the utmost fairness.

After a trial of seven months the report of the director-general was submitted. He had kept most careful record of the results of the experiment, and his report was entirely favorable. He was convinced that the plan was feasible and most advisable, and henceforth was a strong and enthusiastic advocate of the extension of the idea to other departments. Reports were also submitted from two large concerns which had been conducting their factories on the eight-hour day plan. All reports were carefully examined by the government, and the makers were submitted to a severe personal questioning on the part of the committee. The result was a unanimous verdict in favor of the extension. Mr. Morley alone of all the Ministry did not vote on the question, either of the adoption of eight hours for the miners or for the employees in the workshops.

This action means that the government, in spite of all their prepossessions and prejudices, have been convinced of the error of their bad economics in this one direction at least, or they have been forced by growing public sentiment and intelligence upon the subject to yield. Their theories have been disproven, and their whole system will

have to be revised. Every trades-unionist will rejoice at this step. It shows that their agitation has not been in vain, and will render them hopeful and courageous in bringing forward some of the other sensible reforms which they favor. It is an actual gain to the power and influence of the whole trades-union movement, following as it does so closely the great coal-miners' strike, in which the government became the arbitrators, awarding the laborers' entire demands.

The change will immediately affect 20,000 men. But it cannot stop in this one department. The eight-hour day will have to be adopted in every branch of the government service. The social and economic effects of this change will be far-reaching. It will ultimately touch every life in Great Britain. It means more opportunities for self-improvement, more rapid development of both the quality and quantity of social desires, a rise in the standard of living, an increased home consumption, and a larger market for the products of English manufacturers, the very changes that must take place before England can advance to a higher level of social and industrial life.

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### The Social Ministry of Wealth.

The January number of the *International Journal of Ethics* contains an article with the title given above, written by Professor Adams, of the University of Michigan, which at so many points meets with our cordial approval that we reproduce portions for the benefit of our readers. Only occasionally does it depart from the point of view of the SOCIAL ECONOMIST, and these departures are so out of harmony with the general spirit of the main points that we shall hope to see them corrected at some later time. In the introduction, and at many places throughout, are thoughts and expressions that every reader of our magazine will recognize as basic principles of our economics. We are pleased that Professor Adams has grasped these

principles, and believe that when they have taken possession of him in all their fullness and beauty he will revise some portion of the philosophy of the article. Much that he writes is valuable because of the possibility of its practical application to our daily life.

"It is the aim of this paper to show that the conquest over nature which has been going on for the past hundred years, as manifested in the mechanical devices by which the efficiency of labor is marvelously increased, has placed before the present possibilities of which the past had not the slightest conception, and that it lies within the choice of this generation to say whether or not those possibilities shall be realized. That which makes the present full of hope and promise is the abundance of wealth at its disposal, or, more properly speaking, the efficiency attained by the agencies of production. The secret of wealth is that nature serves gratuitously the industrial purposes of men. Yet nature is heedless of moral aims. She serves with equal readiness the ignoble passions and the noble aspirations. It lies wholly with the common people to say whether this marvelous industrial organization, which is the peculiar possession of the nineteenth century, shall be made the means of creating a soul-satisfying civilization, or be dissipated in enervating ostentation or aimless display. The future depends upon the choice which is made in this regard. . . . It is to impress this fact, and to suggest the proper bearing of the common people toward this critical period in the development of civilization, that attention is called to a consideration of the social ministry of wealth. Not only does our subject find nobility in that it touches in this manner the possibilities of the future, it gains dignity also from the relation which it bears to the past. . . . The material civilization of our day is the means by which the prophecy of the past centuries will, if ever, be fulfilled. It is the third step in the attainment of liberty."

Professor Adams finds the previous steps in this

attainment of liberty to have been, first, "the declaration of the Hebrew religion of the supremacy of man over the natural world about him," and secondly, the assertion by the English serf "of the right of his own personality." The first is the principle upon which "man makes every condition and force minister to his own development." The second changed the point of view.

"It created a new philosophy of life. It brought the conviction that laws, beliefs, rights, duties, indeed everything which makes up what is termed the social structure, do not hold rightful sway over the destinies of man, but that they are instruments to be used by man to command his own destiny. . . . They both declare that a condition of freedom is the birthright of man.

"It was at this juncture in the world's history that those events which mark the nineteenth century as different from any previous age made their appearance. How the matter will be presented by the historian of the future, we, of course, cannot say; but one fact may be stated with a fair degree of assurance. At the close of the seventeenth century the great mass of mankind were still in slavery—at least, they were not in a condition to realize the ideals of living. It is true, man had asserted his worthiness against the intimidations of nature and his right of personality against the restraints of social structure; but his mind was still a serf to the vulgar necessities of physical existence. Leisure to think, time to enjoy, opportunity to grow—these are the marks of liberty. But the great body of people retired each night in the dullness and apathy which comes only with exhaustive labor. What could this universal right of the individual to develop his own personality avail, though expressed in the cogent language of the eighteenth century philosophy, while nature bestowed her gifts with so niggardly a hand that life was exhausted in the struggle to live? It was essential, for it lay in the logical unfolding of history, that man should be freed from the burden of toil.

"This deliverance, or at least the dawn of this deliverance, came with the era of invention and the century of great industries and corporate organizations. From the beginning of industrial life down to the last quarter of the eighteenth century the genius of invention had lain dormant. Men were content to rely on muscular forces to perform the drudgery of life. . . . Machinery means the deliverance of man from the necessity of arduous toil in order to attain the means of satisfying a rational existence, and it works this deliverance by bringing under man's direction the boundless forces of nature. It was Moses who made man the peer of nature and gave him the right to dominion over it; it was reserved to the inventors of our own time to enable man to enter into that dominion and to reduce nature to servitude. . . . The industrial revolution begun in 1760 may not be accomplished as far as results are concerned, but so far as it pertains to the attitude of mind it is an accomplished fact. The new point of view which it has gained is that nature has been taken into the service of man, and, therefore, that man may be relieved from the necessity of arduous and excessive toil. . . . There is not the slightest indication that the genius of invention is exhausted, and it is quite conceivable that more effective methods than those now practiced may be discovered by which to coerce from nature more fruitful service. Such is the ethical mission of science. . . .

"It still remains an open question whether or not this conquest over nature will gain for man the freedom for which his soul longs. . . . And this brings me to the kernel of what I have to say. The character of civilization built on machinery will be determined, not by machinery, but by the purpose of the men and women who compose society. We have not yet proceeded far enough in the era of opulence to permit it to assume a determined and final character. The material of our social structure is yet plastic and may be moulded to fit our desires. . . .

What is our plan of architecture? What is our ideal of living? It is for us to say what we desire, and our desires will be accomplished.

"Since the revolution which has gained and is gaining for the world these marvelous opportunities is an industrial revolution, it is natural to regard the question just presented from the industrial point of view. Of one fact we may be certain: the ministry of wealth must not be a partial but a universal ministry. It was Duchâtel who said, 'Were the benefits of civilization partial and not universal, it would be only a bitter mockery and a cruel injustice.' This is true, but in the present instance it is not the whole truth. If labor-saving machinery be used so as to provide absolute leisure for the few rather than to save labor for the many, the overthrow of our civilization will be the inevitable result. In this I speak as an economist, and after a critical analysis of the causes and tendencies of commercial crises and commercial depressions. Unless the opulence which comes with the gratuitous service of nature results in the lightening of toil and in raising the standard of living for the mass of mankind, the ability to produce wealth which comes with machinery will be destroyed, because the inducement to produce wealth will be paralyzed. The approximate ideal, therefore, in considering the true ministry of wealth, must be an industrial ideal. It must hold in mind the development of that class called the workers."

Here Mr. Adams misses a point, and it is therefore apparent that he has not fully perceived the force of what he said before. Machinery has come only because of the wants of the many. The active force that demands machinery is the standard of living of the mass. It cannot be sustained without this force. The result has not been "to provide leisure for a few," but to provide leisure and the necessities of life for the many, and any improvement that failed to do this would fail to be profitable and defeat itself.

Mr. Adams adopts the dictum of the socialist-poet Morris, "Nothing should be made by man's labor which is not worth making," and then says:

"In general, I should say that work alone is worthy which serves some useful purpose or satisfies some instinct of beauty; and that work is unworthy which ministers to vanity or ostentation, or which feeds personal ambition."

The writer does not see that the first object of a desire or demand is nearly always that which he declares unworthy. It is the desire to look well, to appear as others, that drives the foreigners who come into our midst to change of clothes. It is at first simply to gratify so-called vanity and personal ambition that all things are done. At length they become a necessary part of the being and life of the individual or community, and then partake of what may perhaps be called a higher character. But the economic value of a desire for the gratification of vanity is just as much as any other.

"If, now, it be true that men may be made worthy by doing worthy things, it is the consumer who stands at the source of influence, and who, by the character of his purchases, determines the character of the industrial organization. It is, therefore, in their capacity as consumers that the common people enter into their dominion of power. For, consider how easy it is to exert a positive influence on the future destiny of the race. All one has to do is to cultivate his own tastes so as to desire those things which are worthy because they are beautiful and useful. The soul grows to be like that upon which it feeds, and by demanding beauty and nobility for itself becomes beautiful and noble. But this is not all. Forces are in this manner set in motion which cause others to work upon those things that minister to beauty and nobility, and they, in turn, through the influence of personal contact with the idea embodied in the things upon which they work, grow into a character like that which the purchaser set as a model for his own striving."

Mr. Adams appears to give *quasi* indorsement to the socialist notion that "a few men lie in the path of progress, and, like sponges, absorb to themselves all the increments of developing industry." Yet, when he comes to consider one of the ideals of socialists, "leisure with declining years," he shows that this may be secured under our present industrial system, and says:

"What the world needs at the present time more than anything else is the development of the amenities and courtesies of life. It is the gospel of beauty rather than the gospel of duty which fits the requirements of our times. . . . There is but one way by which all this can be changed, and that is by making the desire of a pleasant life supplant the passion of accumulation. When the claims of domestic happiness are so strong, or the charms of social intercourse so fascinating, that they take precedence as motives of conduct over the desire of accumulation, industrial society will take upon itself a new character. Men will no longer continue to accumulate beyond the requirements of rational living, but, having provided for themselves, will step aside and give opportunity to others. This they will do, not from any sense of moral duty, but because they desire to reap the rewards of their labor in the pleasure of living. And so I assert again, it is the gospel of beauty and not of duty which the world needs at present. . . . It is the most serious criticism which one can make on American civilization, that business men cannot retire from business because they have nothing to retire to; they have no interests but business interests, and no passion but the passion of accumulation. Wealth cannot serve as the basis of a soul-satisfying civilization so long as this remains true, and this will remain true until young men and young women are given a taste of the highest pleasures while their characters are yet in a plastic condition."

## From Desert Herding to Intensive Farming.

The crisis of 1837 sent enormous floods of unemployed population from the manufacturing towns to the public lands, where the new facilities afforded by railways were rapidly extending the area from which agricultural crops could be shipped to market at a possible profit. That of 1854-57 did the same. The drift of population was away from towns toward the plantations, mines, fisheries, forests and public lands. Deprived by the Walker tariff of 1846 of all power to compete in manufactures with the European, this was the plank thrown to drowning people. At that time the quality of public lands available invited to grain production and the raising of Indian corn (hogs) and cattle.

How long our existing financial depression will last is still unknown. The bankers, surface financiers and gentlemen who think it best to predict what 'twere best should happen, have said for a year past, daybreak is near. But the months glide by, prices still fall, manufactures fail to revive and the clouds do not lift. It is certain that if the Wilson bill shall be passed by the Senate there will be a general widespread shake into bankruptcy compared with which the bank crisis of 1893 will seem to have been slight. This will turn the tide of immigration into one of flight by our own people to lower foreign fields, perhaps to Matabele land or Borneo, where civilizees can retrograde toward barbarism. Fortunately our wheat lands are taken up. If there were a continent of them, they would only make our distress greater, when every bushel added to the crop lowers the aggregate return received for the whole. There remains only a continent of sage brush, buffalo grass, desert and mountain. This brings into national prominence the duty of the hour—to irrigate the arid lands. It is probable that three years of devastation and wreck lie before our more advanced industries. His occupation gone, man is a drug. To sit before his closed factories and demand that his work be restored is infinitely better

and wiser for civilization than a blind exodus into the vast American desert to suffer and perish or return poorer than he went.

The secret of converting agriculture in the United States from a nearly profitless into a moderately profitable industry lies in turning it from extensive to intensive culture. It might seem that the place for this change to come first would be in the older states. This, however, for many reasons, is not true. Thousands of years of history among many millions of people associate intensive culture with highly fertilized and therefore with artificially irrigated lands. The arid region, according to our official reports, embraces 1,300,000 square miles, or about one-third of the area of the entire country. The portion which can be economically reclaimed by irrigation within the present generation so that it can all come under profitable tillage is about 150,000 square miles, an area one-half as large as the whole area tilled in the United States. All the potentialities involved in an increase of our population within thirty years by thirty millions of people are bound up, therefore, in their germ form, in the irrigation of these arid lands. "Irrigated," says Major Powell, "this land would be worth not less than \$30 an acre, adding \$2,880,000,000 to the wealth of the nation." This would be a gift about equal to the incumbrance which the whole volume of the national debt amounted to at its highest point, a national evolution into new fields equal in value to the funded cost of subduing the great rebellion. Of course, the cost will be great, as all great values are but products of great costs. But the general recession of our population from manufactures and from the complex industries is the immeasurable calamity which now faces us in all its appalling magnitude. If this calamity is to be the prelude to increased grain raising and stock raising it would be without mitigation. To rightly estimate the significance of such revulsions of social progress as are involved in the impending destruction of manufacturing industries, let us

review for a few years the lines on which our social progress has run.

From 1850 to 1880 there was an increasing tendency of population toward farming, notwithstanding the advent of a policy of encouragement to manufacture as early as 1861. This policy continued twenty years before it effected a reversal of the tide of population toward the land. It at last did begin in 1880 to bring about a relative increase of urban population as compared with farming. This concentration in towns, during the last fourteen years, has marked the high tidal wave of American prosperity, though had it been twice greater it would have helped the farmers more. The changes in the movements of population in the five decades, and more, are as follows:

DECades.	Percentage of new families making homes on farms.	Percentage of whole popula- tion inhabiting farms.
1850 to 1860.....	39 per cent.....	37 per cent.
1860 to 1870.....	47 " " .....	39 " "
1870 to 1880.....	61 " " .....	45 " "
1880 to 1890.....	24 " " .....	41 " "
1890 to 1894.....	9 " " .....	39 " "

These tables show a falling off in farming population and tendency towards urban life in the past fourteen years only. It has been due to the rapid fall in prices of farm products, caused by reduction in cost of production of wheat and cereals, by the application since 1867 of farming machinery of great dimensions to the unusually great farm areas which then began to be covered by "bonanza farming." The same causes have lowered the values of the crops in the ten eastern states from Maine to Ohio, inclusive, since 1880 by \$46,016,081, and of the farm lands by \$344,992,011, being fully a tenth of their value. These losses of value clearly show that extensive farming has run its full course, and to add new and virgin land to its stock would only be to add new terrors to the catastrophe. The fall of wheat in Liverpool between 1877 and 1894 has been from an average of 57*s* sterling per quarter in 1877 to one of 24*s* 6*d* in the opening months of 1894. This is

less than half its average price for the preceding half century. If no advance of population from agriculture to urban life had occurred during the past fourteen years, the decline in wheat might have been even greater, which would still further have transferred English, French and German farmers to the United States to still further destroy farm incomes here. And now millions of men and women heretofore supported by urban industries are to be remitted by coming tariff laws to the extractive industries in some form. It is too much to hope that an administration and a Congress whose vile economic tendencies and vagaries have made them capable of destroying the diversity of industry at one point, will have the wisdom to commend anything looking toward supplying it at another. But the improbability of immediate adoption does not lessen the duty of advocating sound measures of relief. Perhaps the general wreck which the free-trade policies are producing will again, as in 1857, only cause the impoverished to hug more closely the succubus which is draining their life. Always heretofore the extractive industries, agriculture, mining, forestry and fisheries, have only flourished best when the creative and constructive industries, manufactures, banking and transportation, were most encouraged. If the products of all the new lands awaiting occupation could be nuts, berries, trees, timber, grapes, wines, silk, flax, hemp, jute, beet and cane sugar, tea, coffee, tobacco, spices, vegetables, hay, dairy products, pork, beef, poultry and fish, they would diversify our farm industries instead of intensifying their present throat-cutting competition. They would supply, at home, farm products, many of which we now import, and so would subserve a like purpose to that which has heretofore been reached through urban industries. Most or all of these are the products to the cultivation of which irrigation invites. "It raises the land from a value of a few cents an acre to one of from \$30 to \$200,"—says Major Powell—not the \$5.18 standard of our South Atlantic States. To do this it must often carry the lands

it serves to a standard of production higher than they are carried by the natural rain. The water supply by irrigation can be turned off and on, or graded to the exact quantities required, at the times required, like gas or water in the city. It is as effectively superior to the natural rain as an Elgin watch is to the noon mark. Wherever it has been used in India, China, Egypt, ancient Peru or modern California or Utah it has led to the most intensive order of agriculture. The dormant fertility which it awakens in lands which previously struggled with difficulty to grow cactus and sage brush is like the working of a miracle. Vineyards whose clusters surpass in dimensions those of the south of France spring up where lately the shriveled sun-flower grew to a height only of a few inches. Such intensive culture would find its ready market in the mining regions, and so aid all mining industries. Manufactures and towns, at least if aided by a sound American policy concurrent with irrigation, would accompany it everywhere. It would give rise to the urban life and make the cowboy and the dug-out a far-off reminiscence. Populations employed in such intensive cultivation of crops as irrigation naturally invites, might reach several hundred per square mile. In India, according to the official report by Mr. Wilson of irrigation in that country, its enormous population of 253,000,000 find their basic industry in a tillage, one-sixth of which is wholly of irrigated lands, and the agriculture of three-fourths of that immense empire depends in part on irrigation.

In their present condition the arid lands of the West have already taxed the resources of the East heavily in sunken capital. The single railway whose lines most largely depend for their traffic on what can be produced in the arid region is the Atchison, Topeka and Santa Fe. The decline of its stock from its supposed market value at 154 in 1882-5 to its present value of 12 on \$240,000,000 in shares and bonds, would represent a loss by this agency alone of nearly \$200,000,000 of capital. This does not

include the losses made by eastern lenders and settlers along its route in building up towns now deserted by their populations, and cities which have as completely collapsed as any in Syria, though after a more ephemeral life. Towns once of 5,000 people which had sunk to 1,800 were three years ago numerous in the western portion of Kansas. In one city a \$40,000 opera house and a \$25,000 court house testify in solitude to a former population of which not one person remains. The reason for their departure is that they had been deluded into the notion that no great American desert existed. Its existence proved to be as positive as that of Sahara. The "dead line" is at a point on the A., T. and S. about 250 miles west of Kansas City. Eastward of this point, as one rides westward from Kansas City, the aridity is clearly indicated by a gradual disappearance of trees, except in the "draws" or ravines. Maize, sunflower and like plants shrink in growth, until at a point two-thirds of the way across the state the cultivation of any crop for the food of man ceases. The lands can only be used for a dwindling pasturage. From these westward to the Sierra Nevadas and the Pacific, northward to and beyond the bad lands of Dakota and Wyoming, and southwestward over our own northern Texas and beyond in Mexico to the Gulf of California, an empire as large as that of China proper lies condemned to an equality with Sahara unless irrigated. With irrigation it blooms into a fertility like that of India.

It is ordinarily assumed that Sahara lies below the Mediterranean, has no waters or rivers, no elevations of land to attract a precipitation of rain, and no population. In fact, a large portion of it lies 8,000 feet above the Mediterranean, is under snow a third of the year, shows many proofs of extended water abrasion, and has a population of 2,500,000 people, frequent regions of good pasture, and an extended diversity of plant and animal life. The present Lybian desert in its eastern portion was a source of wheat supply to Rome more abundant than Sicily or Egypt,

when the city of Rome was at its highest. The desert quality of infertility, aridity, rock and sand are encroaching upon man not only in northern Africa, Arabia, Asia Minor and the Caucasus, the valleys of the Euphrates and Oxus, but also throughout Persia and toward India. It pervades Thibet, Mantchuria and Chinese Tartary to such a degree that the half of the area of the Chinese Empire lying outside of the "Middle Kingdom" or China proper contains only two millions of people. In the populous portion of China, irrigation, canals and the leveeing of rivers are so important that the supervision of these interests forms the chief function of the imperial government.

Irrigation in the old world has filled a large field in all of the older civilizations which were continental; hence it cannot fail to fill a larger field in our modern life as our civilization becomes older and more continental. The arid region is already, because arid, a menace to financial enterprise and a bar to national unity. National railways are sinking capital in it. Invitations to investment are tinged with fraud and disaster because of it. The political ties that bind the eastern to the Pacific populations are made feeble and irritable by it. Eastern legislation makes it felony to lend money in it. Arid state legislation wants "flying" money printed to pay off loans with. It wants a two per cent interest created by law. In fact, nothing will pay their loans except water of some kind. The irrigation question is therefore pregnant with the destiny and statesmanship of the next quarter century. Much of the future prosperity and sectional peace of the country depends on the promptness, vigor and wisdom with which it is taken in hand. "The government," says Major Powell, "is disposing of irrigable lands to individuals by homestead settlement, preemption settlement, timber culture privileges, and desert land methods, and requiring people to irrigate their lands as a part of the contract by which the title to the lands passes from the government to the individual. When these people have thus acquired title to

their lands by processes of irrigation required of them by the statutes, they will in many instances be unable to sustain their rights to the use of the water on the lands which they have selected and redeemed, because other persons will have acquired similar rights to other lands above. To protect those above is to destroy those below; to protect those below is to destroy those above. One party must have its value destroyed, and that party will expect reimbursement for lost values from general government."

In short, it is a duty of the government, in all regions where lands derive their whole agricultural value from an artificial water supply, to provide for a systematic distribution of the water before permitting any sales of the lands. Wherever irrigation is feasible and its supply sure, its cost is likely to be but from 30 cents to \$2 per acre. It ends all anxiety about the weather. Uncertainty disappears from the agricultural life. The farmer would not have rain on any account. In the arid regions, private enterprise cannot safely touch the land until it has made sure of the water.

Whatever public or private interest shall be permitted to control the water supply would necessarily own the land. Hence to a due distribution of the arid lands an anterior system of national irrigation is as essential as an anterior national survey. The exact form which the national initiation needs to take is now the subject of inquiry. Our experience of national intervention in the building of the Pacific railways, by advance of national capital or credit, and taking a second mortgage after private interest has got in the first claim, is not encouraging. Under that system the nation incurs the expense without either control or reimbursement.

Irrigation sustains a relation to the lower Mississippi which is important. "To store up the water of the Missouri and its main affluents for the purpose of irrigation is to diminish the volume of that flood of the lower Mississippi which is most destructive. For every acre

reclaimed to agriculture in Montana another acre will be reclaimed in Louisiana, and in general all lands redeemed by irrigation on the great plains will be equaled by lands redeemed from floods in the great valley of the lower Mississippi."

The most important aspects of irrigation, however, are social, moral, financial and political. With a rainfall of forty inches even Arabs would soon become Americans. With one of four inches Americans will become Arabs. With irrigation at \$1 an acre on the Platte and Arkansas, the economic theories of these valleys would not run toward two per cent rates of interest, stay laws, railway confiscation and free silver. The silk worm and the sugar beet alone, if made a success, would suffice to make the "desert" honest and patriotic. No populist party would exist. Even the grasshoppers, ants, centipedes and cyclones of the thirsty and barren plateau would cease. It would not be criminal to loan money in that region, nor disastrous to build railways into its borders. Its wastes would teem with cities, its cities with civilization, and its civilization with nationalism and individuality.

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THE DETROIT FREE PRESS declares that "nothing shall prevent the Democratic party from relieving the country from the curse of Republican misrule." To this end it spent its first six months of power in repealing the Sherman law, whereby it cut off a money supply of \$50,000,000 a year, and during its next six months it proceeded to borrow the same \$50,000,000 on bonds. With a prospective deficit of \$80,000,000, it is now trying to lash itself into a sufficient fury to pass a tariff bill expressly to increase the deficit. Its Senate refuses to follow where its House has led, and now there are to be two Democratic tariff bills. Neither house is foolish enough to carry out the crazy Chicago platform; neither house believes in itself, nor in the other house, nor in the President.

## Contributed.

Correspondence on all economic and political topics is invited, but communications, either for private use or for publication, must bear the writer's full name and address, and requisite postage must be inclosed for return of manuscripts or answers to communications. The editor is responsible only for opinions expressed in unsigned articles, and reserves the right to criticise freely views presented in signed articles, whether invited or not. Typewritten manuscripts preferred.

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### The Political Crisis in Japan.

"Whereas, We make it the joy and glory of Our heart to behold the prosperity of Our country and the welfare of Our subjects, We do hereby, in virtue of the Supreme power We inherit from Our Imperial Ancestors, promulgate the present immutable fundamental law, for the sake of Our present subjects and their descendants."

Such were the dignified words with which, on February 11, 1889, His Imperial Majesty Mutso Hito, Mikado of Japan, promulgated the first liberal constitution of the Asiatic world.

No reprint or synopsis of the constitution has appeared in the public press, and but one translation of the entire document has been printed, and this appeared as a brochure which was privately printed for the use of university students.

In view of these facts a brief description of the document will interest students of social economics, as well as tend to clarify the reports received from Japan from time to time.

The promulgation of the constitution was a triumph of peace. The Hon. Thomas Cooley, late Chief Justice of Michigan, and author of a treatise on constitutional limitations, well said of this act:

"In all history I know of no recorded deed more noble or more commendable than that of the ruler of a great people, who, with solemn recognition of the obligations his trust as ruler imposes upon him, deliberately and without regret, when he perceives that the time has come for giving to the institutions of his country a more popular character, lays down some portion of his authority, and invites his people to assume such share in the responsibilities of government as he believes them ready for."

The constitution is built of materials obtained chiefly from the constitution of England, modified in certain features suggested by the constitution of the United States. Too long to give in its entirety, it may be summarized as follows:

Chapter I relates to the Emperor, declares that Japan shall be governed by a line of emperors "unbroken for ages eternal." The Emperor executes the laws (and when the Diet is not sitting, makes them also), determines public departments and salaries of officers, declares war, makes peace, concludes treaties, and exercises the usual prerogatives of royalty.

Chapter II is a bill of rights more liberal than Magna Charta. It declares the right of property inviolate, secures liberty of speech and of the press, and freedom of religious belief "within limits not prejudicial to peace and order, and not antagonistic to the duties of subjects." The Emperor is the judge of these limits. It also provides liberty of abode, right of trial and liberty of person, right of petition, sacredness of domicile, and inviolability of letters without due process of law. In times of war or national emergency the Emperor may override the provisions of this chapter.

Chapter III defines the Imperial Diet. It consists of two houses, peers and representatives. Every law requires the consent of the Diet, which meets annually, but may be prorogued or dissolved by the Emperor at any time. The ordinary session is three months, and it must

be convened within five months after the popular election. Both houses sit and dissolve simultaneously, may address the Emperor and receive petitions, and their members cannot be held responsible outside the session for speech or vote made in the Diet. They are free from arrest during the session except for flagrant offenses or during times of national disturbance.

Chapter IV relates to the duties of ministers of state, who are ex-officio members of either house of the Diet.

Chapter V establishes a well-ordered public judicature.

Chapter VI relates to finance and the imposition of taxes. It requires an annual budget to be laid before the Diet, and in case of non-approval the preceding budget shall stand. The expenses of the imperial house are fixed, and cannot be reduced by parliament without the consent of the government. In case of urgency the government may take all necessary financial measures by imperial ordinance, which shall be approved at the next Diet.

Chapter VII, the final one, provides for amending the constitution, the mutual independence of the constitution and the imperial house law, and the ratification of non-conflicting laws then in existence.

This constitution is supplemented by carefully drafted election laws. The Imperial Diet is made up follows: House of Peers, about 300 members, including *peers elected for life*: male members of the imperial family above 20 years; princes and marquises above 25 years; persons nominated by the Emperor for state services or learning. Also *peers elected for seven years*: counts, viscounts and barons above 25 years, one-fifth of each order, elected by the orders; persons elected indirectly by the tax-payers.

The House of Representatives consists of 300 members, elected by popular vote, in proportion of about one to 130,000 population. The present population of Japan is about 42,000,000. The members receive a salary of about \$750.

The House has been very refractory during the past year, and owing to continued disagreements and opposition to the imperial policy, the Diet, on January 12, 1894, after frequent prorogations, was formally dissolved by the Emperor, and elections for representatives were ordered by rescript to take place March 1, 1894.

This election and the campaign now in progress are of special interest from an economic point of view.

The parties and questions involved may be briefly stated, prefacing with the observation that the government, or imperial household, is committed to no one party, but receives support from any or all of them, according to the measures it proposes. In this it differs from the usual plan of a constitutional government, either monarchy or republic, and secures an element of stability and freedom from the dangers of great economic changes, so far as it pursues a wise and consistent policy. There are numerous small parties having representation in the Lower House, but the chief divisions in importance are the Radicals, the National Unionists, and the Progressists. The Radicals favor the opening of the country to foreign trade and settlement, the extension of constitutional power, and oppose the ministerial clique in the government. The Progressists agree with the Radicals in the latter, but have no especial programme beyond a generally favorable sentiment toward foreign civilization. The National Unionists unite various discordant elements in an all-Japan party, under the watchword of "Japan for the Japanese," and oppose the government's policy of open reciprocity with foreigners. This party, which was in a minority in the last Diet, has gone to the hustings with great vigor. It appointed a central committee with sub-committees for the various prefectures, made out a list of speakers, and is now stirring up all classes with violent appeals to save Japan from falling into the hands of rapacious Europeans, and her religious, social and national customs from annihilation. It declares that the government is handing over the

country body and soul to foreigners. The old Bakufu spirit is appealed to with success. Three measures introduced at the last session of the Diet, to restrict the commercial privileges of foreigners, and to forbid mixed residence, form the basis of the campaign. Here, then, is the situation as it is to-day.

The imperial government, on the other hand, declares that no party shall hinder it from carrying out the liberal policy toward other nations which has resulted in the remarkable development of Japan during the last quarter century. This side of the case was admirably presented by one of the imperial ministers in the Diet, just before the dissolution. Through the courtesy of the Japanese Consul-General in New York, a translation of a portion of the address is herewith appended:

"Gentlemen: Contrast the Japan of the first part of the Meiji era [begins A.D. 1867] with the Japan of to-day. Looking, for instance, at the economic side of the problem, let us speak for a moment of the country's foreign trade. At the commencement of the Meiji era that trade did not amount to 30,000,000 yen, whereas in the 25th year of Meiji it aggregated more than 162,000,000 yen. On the land nearly 3,000 miles of railway have been laid, and over 10,000 miles of telegraph lines have been constructed; and on the sea do there not float many hundred vessels of foreign type for coast wise and foreign commerce? Does not the country possess a strong standing army of 150,000 men, consisting of well-trained officers and soldiers armed with weapons of approved modern type, and not inferior to the forces of great European powers? And does it not possess a navy numbering about 40 vessels, which is to be increased as far as national finances permit? The extension of civil liberty, improvement of national institutions, growth of intelligence, progress of science and art, stand on record. Greatest of all is the establishment of a constitutional government, by which I stand before this House of Representatives to-day. Our country has evoked, and is

still evoking, the astonishment and admiration of foreign powers, because of its progress, almost unparalleled in the records of the nations of the world."

CHANNING M. HUNTINGTON.

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#### State Banks of Issue.

The different state banking systems which have characterized our nation's financial career have grown side by side with the states themselves. The banks, the result of the same early experience, finally became adherents of the one or the other of two systems—the state or the national.

As the early settlers formed themselves into communities known as colonies, and, by the war of 1775-83, the colonies became states, and by the federal constitution the states became a nation, so the financial side of colonial and state life grew from wampum and tobacco, used as a means of exchange, and the "pine-tree shilling" into a colonial paper currency authorized by the colonial legislatures, and a colonial mint. Not until a Bank of North America had been founded by Congress did the states charter banks or pass specific laws governing their circulation and conduct. In 1649 the treasurer of one of the Massachusetts colonies had been forbidden to take peag in payment of taxes. From this time peag had disappeared and no longer acted as a "money thing." Coin was never plentiful in the colonies.<sup>1</sup>

A mint was established in Boston in 1652, where shillings and three-and-six-pence pieces were made. These were called the "pine-tree shillings," and all of them were marked with the date 1652, whether made that year or not. A seigniorage of fifteen pence in twenty shillings was charged by the authorities. Occasional issues of small coins, together with the amounts coming from abroad, sufficed the colonists until 1690, when an expedition was sent against Louisbourg during King William's

<sup>1</sup> See Adam Smith, page 754.

war. Fifty thousand pounds in bills were issued;<sup>1</sup> but so fast was the depreciation that in 1691 ten thousand pounds were redeemed at a "scaled value" and burned. A second expedition followed in 1709, in Queen Anne's war, when thirty thousand pounds in bills of credit were issued, together with the ten thousand pounds of the last issue which had been burned in 1691.

Attempts on the part of the province to redeem these issues proceeded usually by buying them in at their depreciated price. In less than eight years Massachusetts had issued two hundred and seven thousand pounds. The experiences of other colonies were similar to those of Massachusetts, although none of them issued such large amounts. Connecticut managed her issues the wisest. Up to this time, 1712, she had issued some thirty-five thousand pounds, and the issues had scarcely depreciated.

These issues were a sort of substitute for banks of issue. Several banking schemes were dreamed of by the colonies;<sup>2</sup> but the assemblies did not discuss any plans of banking until 1652, the year the mint was established.<sup>3</sup> The people were not satisfied with the currency issues and were compelled by the state of the currency to demand something else. There was a demand for capital, as there always is in a new country. The demand caused all kinds of wild schemes to spring up for the purpose of securing money. Such a condition of finances, however, was far more widespread in the periods between 1811 and 1816, and again between 1834 and 1862, known as the "wild cat" periods. Thirty years after (1682), Governor Dudley suggested that a scarcity of "coyne" and increased debts would be lightened by paper money issued from banks.<sup>4</sup> Immediate proposals were made for the formation of banks,

<sup>1</sup> This issue was made to pay the troops after the return of the expedition.

<sup>2</sup> Banker's Magazine.

<sup>3</sup> Winsor's Critical History.

<sup>4</sup> Hutchinson's History of Massachusetts.

and in 1686 one was actually started, made a few issues, and failed. It was not until 1712 that a land bank was proposed by Coleman, who probably obtained his idea from the bank proposed by Parliament in 1695.

This demand for more money, for more capital, was simply the result of the awakening influences of the oncoming century. Commerce was becoming worldwide; improvements were being made in manufacture, a better mode of living was being introduced; these demanded some new plan by which existing wealth could be made more mobile, active and usable. The means of securing capital were limited; how to make them more general was the question to be solved. Land was lying idle, great forests were untouched, the iron mines were comparatively undeveloped. We were exporting pig iron to England, but the amount was very small. How were these resources to be utilized? Capital was needed, and the personal influence of Hamilton and Morris overcame the popular prejudice against banking. In accordance with their desires, the Bank of North America was founded in Philadelphia in 1781 by Congress. Three years later a bank was established at Boston, and also one by Hamilton in New York City. The Bank of Massachusetts was very conservative in its transactions. No person was permitted to borrow more than five thousand dollars, nor was more than three thousand dollars to be discounted for one person at one time. The Bank of North America, chartered first by the United States and later by Pennsylvania and Delaware, began its career in 1782.<sup>1</sup> The capital was four hundred thousand dollars, with the provision that it could be raised to a million. In the third year the bank did a business of five million, nine hundred and fifty-seven thousand dollars, and in the following year the business amounted to the enormous sum of thirty-seven millions. The dividends were from twelve to fifteen per cent, and the directors refused to increase the stock or to handle as

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<sup>1</sup> Gouge, *History of Paper Money*.

deposits the so-called "land notes" of the state of Pennsylvania. This caused a great deal of dissatisfaction, and in consequence a rival institution was proposed; but the project was bought off by enlarging the capital so as to let in the rival parties.

The introduction of the Bank of the United States with branches gave a genesis to the financial circles of the country. There were no state banks in existence when the Bank of the United States began, but during the twenty years duration of the first bank of the United States the state banks to a considerable number sprang up. The Bank of the United States assumed so largely the function of redeeming the notes of the state banks that this came to be regarded as a means of compelling the latter to redeem.<sup>1</sup> After the suppression of the federal bank in 1811, the state banks developed into risky and questionable modes of banking. It became evident that some means would have to be taken to protect noteholders from unscrupulous bankers. The object was effected by restoring the Bank of the United States. The New England banks adopted measures for the protection of notes. A law was passed in several of the New England states making banks liable to a penalty of twenty-four per cent per year for non-payment of notes.<sup>2</sup> The first noteworthy development in state banking occurred in New England in 1824, and is known as the Suffolk bank system.<sup>3</sup> By this means country banks were able to secure the same credit and rates of exchange as the city banks, which were nearer the money centers. Prior to this system this result had only been obtained through the Bank of the United States. Notes of a worthless character were easily discovered. The notes accumulated during a day's business were distributed to the various banks of the association. Thus

<sup>1</sup> See articles on First and Second Banks of United States, and With and Without a Government Bank, in SOCIAL ECONOMIST for August, September, and October, 1893.

<sup>2</sup> Banker's Magazine, May-August, 1893.

<sup>3</sup> Britannica, Article on Banks.

each bank held its own notes and used them in its own business. The idea resembles that embodied to-day in the clearing-house system. The Bank of the United States and the Suffolk bank redeemed state notes, while the clearing house cancels only checks and drafts.

State banks increased rapidly after the withdrawal of the first national bank charter, 1811. Until 1817 there were no hindrances to their growth, for the United States had no bank and the states were anxious to secure the banking patronage of the old national bank. No legal restrictions on the part of the national government existed against the state issues. In a short time notes with any or no security soon pervaded the country. The renewal of the national bank charter in 1816 checked the growth of the state banks until Jackson's administration, when they grew rapidly, owing to the distribution of the contents of the national treasury among them as a deposit.<sup>1</sup> These banks issued notes on the strength of holding the national deposits. Lands were bought with the notes of worthless banks and sold for notes which were known to be good. The legislatures of many states authorized issues of notes by the banks on deposits of security; these notes the banks used to buy new bonds or securities, turned them over to the state and secured more notes, *ad infinitum*. This was often carried on until the bank had an issue many times its own capital.

The safety fund system was introduced in New York for the purpose of protecting the depositors and note-holders, but the small deposit of three per cent of the total amount of capital gave no adequate protection, as was shown in the crisis of 1837. Waves of state banks seemed to pass from one state to another, while the slightest breeze of financial distress beat them down. As soon as the distress was over the banks reappeared.

Previous to 1863 Congress had not interfered with the banks of issue created by the several states, except in 1813

<sup>1</sup> Life of Jackson, by Sumner.

to levy a small stamp tax for revenue. The "Legal Tender Act" of 1862 caused the national and state issues to come into contact, so in order to prevent the issuing of notes by state banks, a bill was passed taxing the issues of state banks ten per cent.<sup>1</sup> It was passed in 1865 and took effect in 1866. The rapid decline in the number, amount of capital, and deposits of such banks as state banks grew out of their reorganization into national banks.

Since then at different times there has been more or less agitation about the repeal of the act, but during the last year the question of issue by state banks has been argued more strongly than ever, the main argument being the adaptation of such currency to local needs, and that an increased currency is needed for the moving of the crops. However, it is not within the scope of this paper to deal with present day arguments, but rather with the results of the past.

The state banks of issue have passed away and are now a part of our financial history. The best that can be said of them is that they were a fungous growth on our financial system.

FRANK L. MCVEY.

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Applied to the industrial intercourse of nations, a true protective policy is to prevent the products of the more advanced countries from being undersold by the products of less civilized countries, through the use of lower paid labor; thereby securing opportunities for developing the best methods of production afforded by the larger consumption and higher social life of the more advanced country. To do this the industries of a country should be protected to the full amount of the difference between the wage-cost of that nation and the nations below it in civilization.—*Gunton's Principles of Social Economics.*

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<sup>1</sup> See Congressional Globe, March, 1865.

## Editorial Crucible.

TO DEFEAT THE Wilson bill should be the watchword of every American; especially every wage laborer throughout the land, regardless of party affiliations, sectional prejudices, or personal predilections. It is the enemy of the country, and should inspire united national resistance.

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EX-MAYOR HEWITT'S recent after-dinner speech has stirred the blood of the so-called southern statesmen. It is a little severe to charge public men with "ignorance, crass ignorance," regarding important questions of the day. Of course such frankness is disagreeable, especially from one professing the same political faith, but alas, how true Mr. Hewitt's statement is. Such dense ignorance, sectional conceit, and wanton indifference to national welfare never before afflicted any body of public men dignified by the name of statesmen.

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THE NEW watchword that uncertainty is worse than the Wilson bill is of course designed to catch the sympathy of business men who are reduced to the desperate point of saying, "Anything is better than this." Like the highwayman who, at the muzzle of a revolver, demands your consent to be robbed, the free traders are trying, under the torture of threatened ruin, to extract a seeming consent from business men to the slaughter of American industries. This cry that the Wilson bill is better than uncertainty should be regarded as the voice of the enemy, and made the signal for resistance rather than the reason for capitulation.

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THE AMERICAN ECONOMIST says the "only trouble with Chairman Wilson is that he goes about his preparation of the tariff bill in a theoretical instead of a practical way. This was to be expected from a college professor, who is not a business man." The Wilson bill is not objectionable

because its author is a college professor, but because his head is filled with belated economics. College professors are all right provided their economic education is properly attended to. If they are educated in the principles of the American democratic economics, they can be safely trusted with the preparation of a tariff bill or any other measure for the national welfare.

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THROUGH an unfair and undignified resort to its "senatorial courtesy" President Cleveland has betrayed the Senate into disfranchising the most important judicial circuit in the United States. The selection of White condemns the New York circuit to lose its proper representation in the Federal Supreme Court. It gives a southern circuit, greatly inferior in the importance of its business interests, two representatives. Mr. Cleveland's sole motive for thus insulting the bench and bar of his own judicial district and lowering the efficiency of the United States Supreme Court is to gratify a personal spite against a rival politician. And all this under the mask "a public office is a public trust."

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THE WAGE EARNER for some reason or other is dissatisfied and is constantly making trouble over wages, hours of labor, and other matters. What are we going to do to relieve him? A writer in the *Catholic World* says, "Place the wage earner on the same footing as the farmer and his difficulties will disappear." On the same footing as the farmers! We thought farmers were the most oppressed people in this country. It is to relieve the burdens of the farmers that the Farmers' Alliance was organized and the Wilson bill is to be passed. The *Catholic World* is mistaken. Wage workers do not want to be made into farmers. What they want is steady employment with higher wages and shorter hours.

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WHATEVER GROUND there may have been for assuming that the elections of 1892 gave the administration party

a mandate to abolish protection has been entirely removed by the elections of 1893 and 1894, and the so-called mandate entirely canceled. In 1892 Mr. Cleveland's plurality in the whole country was only 366,211 votes. Since then six states have had elections, and these alone have given an aggregate majority of over 400,000 against the administration policy. At the same ratio a national election would give a popular majority of nearly 2,000,000 against the Wilson bill. In the face of these facts the so-called mandate from the people to abolish protection has become a mandate to continue protection.

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EVERYBODY KNOWS that the most important and disastrous fact in the United States to-day is the closed work-shops and unemployed laborers. Five millions of idle men, which is a moderate estimate of the unemployed, means a loss to the nation of nearly \$10,000,000 a day, and terrible privation for fifteen millions of people. This means the destruction of patriotism and disregard for republican institutions, the increase of immorality and crime, the progress and stimulation of socialism and anarchy, and a national loss in a single year equal to the debt created by the Civil War. For all this the Wilson bill is responsible. Patriots of all parties and sections should unite as vigorously to defeat this bill as they would to repel an invading army.

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THE TONE of the speeches made by the advancing hosts of free trade in Congress reminds us of the old confederate yell of the secessionists of 1856-60. There is the same excess of passion over knowledge, the same ranting, raving and foaming. The majority of southern speakers in the House showed the same tone and temper, revealed the same animosity and hatred of northern prosperity and disregard of the national welfare. In short, they showed the same spirit of plantation barbarism against factory civilization as a generation ago. In 1861-5 they were fighting for the legal right to compel black men to work without wages.

They called their fight then a fight for the sacred rights of States. They call it now a fight for the sacred rights of trade. But it is the same old fight against wages—then for no wages, now for low wages.

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THE VOTE of the House indorsing President Cleveland's reversal of President Harrison's action in the Hawaiian matter might be made a means of mischief and a provocation to a royalist riot in those islands if it were not pretty widely felt that the Senate will not concur in it. Minister Willis seems to be staying at Honolulu in sullen and sulky inaction, anxious for President Dole to render him some courtesy which will afford the United States ground for withdrawing its minister in a huff. Mr. Cleveland's attitude toward the government of Hawaii is really one of international war. Should Congress in both houses adopt the McCreary resolution of indorsement, it may mean actual war upon Hawaii. Those who vote for it would do well to understand that in the present sullen condition of the American people a forcible ejection of the Hawaiian government and a substitution of a black queen might have effects in this country which would not be unlike those of the border warfare upon Kansas and the hanging of John Brown.

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THE PATERSON LABOR STANDARD, one of the oldest, and usually the most sane, of labor papers published in the United States, says, "Labor, and labor only, pays all the taxes." This sounds so much like English middle-class economics with Virginia padding that if we did not know Brother McDonald so well, we should be tempted to suspect him of taking lessons from Professor Wilson. The statement that "labor, and labor only, pays the taxes" is one of the hackneyed saws which nobody acquainted with the subject is expected to take seriously. No economist worthy of the name believes it. Taxation for public improvements is one of the effective means by which society can take the profits of the rich for the benefit of the public.

This cry about taxing the poor is used chiefly to humbug workmen into supporting a cheap labor policy. It is high time that labor leaders and labor journals were above being caught by this kind of chaff. High wages and short hours should be their chief concern, and any person or party who will slight these and prate about the burden of taxation upon labor should be treated as an enemy or an ignoramus.

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THE INDUSTRIAL crisis of 1854 would have come in 1850 or earlier, in consequence of the Walker tariff, but was postponed four years by the revolutions of 1848 in Europe, the discovery of gold in 1849 and 1850 in California, the further influx of gold from Australia in 1851 and 1852, and the Crimean war in 1852-3. In the fall of 1854, however, it could no longer be deferred, and the general blight which descended upon manufacturing credit, building and wages in 1854 was as marked as it has been in 1893-4. It was not, however, until the general bankruptcy of American creditors in 1854-5 had brought on the commercial crisis of 1856 in England, that the latter, reacting upon America, caused the bank crisis of 1857, which came at the end of three years of very hard times, and at the beginning of four more years of equally disastrous depression. These seven years of industrial stringency turned productive enterprise toward "raw material" industries, mining, planting, pasturage and farming, by rendering the more advanced industries impossible. Gold, cotton, pork, hay, corn, lumber and cattle were what we chiefly produced. Are we again to be forced back to crude industries to suit the notions of the most backward portion of our population?

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IT SEEMS ALMOST unkind to think of an American newspaper advocating a policy which it knows will result in lowering wages; but to think of it as desiring a reduction of wages, and advocating a policy because it will lower wages, and opposing public improvements for fear they

will tend to increase wages, is to think of it as a conscious enemy to public welfare. And yet that is what the New York Evening Post is actually doing.

Thus last summer when the mines of Colorado closed it rejoiced at the prospect of the miners having to work as farm laborers at lower wages, and said, "*Of course they will not get as much pay in the field as they did in the mines, but they ought not to, as the wages of miners have been extravagantly high.*"

February 14th it gave us another illustration of its real purposes in this direction. Commenting upon the effort of Dr. Stanton Coit to promote public improvements in New York City, it said: "*He overlooks the effect which these city luxuries are to have on the rural districts. It is a fact even now that few farmers within a hundred miles of New York can get anybody to work for them.*"

The plain English of all this is that we must refrain from improving the condition of New York and other large cities, for the better tenements, cleaner streets and more wholesome surroundings will tend to create too many of "the city luxuries for laborers," to secure which will incite them to demand higher wages, and what is worse still, in the eyes of the *Post*, the bad wage-raising "effect which the city luxuries are to have on the rural districts." Pest-breeding tenements, filth and general degradation must be continued in our cities for fear city improvements will raise the wages of neighboring farm laborers.

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ONE OF THE beneficent legacies bequeathed by the coal-miners' strike in England was the recognition of the "living wage" as an indispensable factor in the labor problem. When the strike was inaugurated, the usual predictions of failure were indulged in. The alternative between a fifteen per cent wage reduction or no work was presented to the miners by the colliery owners with an air of assurance that the laborers would prefer a "piece of a loaf to no bread." But they were wholly mistaken. The

laborers rejected the "piece of a loaf," preferring to take all the chances of a struggle with no bread for an indefinite period. Of course this was called insanity by the supply and demand doctrinaires; but the laborers persisted, their ultimatum being, "We must have a living wage. We cannot live on fifteen per cent less, and therefore will make the issue whatever the consequences, the law of supply and demand to the contrary notwithstanding."

They fought, they starved, they reduced their rations to one meal a day, and finally to two meals a week, rather than consent to conditions which meant adopting a lower standard of living. This created a coal famine, which was felt from one end of England to the other, until finally Lord Roseberry, representing the government, offered to arbitrate the dispute, which resulted in giving the men their old wages. Thus the laborers' demand for "living wage" prevailed against the "supply and demand" theory of economists and employers. This has happened many times before, indeed it has been going on ever since the factory system began, but hitherto has made little impression upon the theories of doctrinaires. This strike, however, has broken down the bars of our prior economics and has practically substituted the theory of a "living wage" for "supply and demand" as the controlling force in determining wages.

Among the many articles that have appeared on this subject since the strike is one in the *Contemporary Review* for January by Prof. W. Cunningham, Tooke Prof., King's College, London, and author of "Growth of English Industry and Commerce." Prof. Cunningham writes, not to oppose the living-wage doctrine, but to adapt it, to dove-tail it, as it were, into English economic thinking.

This recognition of a chief feature of the American economic school is a great step in advance. It is a clear indication that the days of middle-class economics are numbered even in England.

## Economics in the Magazines.

*The Political Science Quarterly* (December, 1893). "The Concentration of Wealth," by George K. Holmes. The writer utterly fails to allude to the fact that the concentration of wealth as capital is the means of supplying products at low prices, while at the same time maintaining high wages. "The Economic State," by Prof. L. M. Keasbey. This article was not worth a place in a leading quarterly. The ideas as well as the facts are so badly mixed that it cannot in any way contribute to clear economic thinking. "Private Claims against the State," by Ernst Freund. The subject is dealt with as it relates to the American State only. A much more interesting and valuable paper would have resulted from a treatment of the international law on the question.

*The Quarterly Journal of Economics* (January). "The Nature and Mechanism of Credit," by Sidney Sherwood. The writer's thesis is, "The economic force called *credit* is the indispensable agency which inheres in the system of specialized industry," in which he considers money as a form of credit simply, for he rightly recognizes that "the act of production is not finished until the goods are in the hands of the consumer." "Pain Cost and Opportunity Cost," by David I. Green. The object of this article is to show that "it is not only for the painfulness of labor and waiting that we insist upon being rewarded, but also, and more largely, for the opportunities foregone in adopting a certain line of action." This is the "opportunity cost" theory. The writer himself has to admit practically that the prime element in the determination of value is the "expensiveness of production," which is a constant factor, while loss or neglect of opportunity is not always present. There are also three important summaries, "The Phenomena of the Panic of 1893," "The Unemployed in American Cities," and "Social and Economic Legislation in 1893."

*The Forum.* "The Wilson Tariff for a Deficit Only," by Albert Clarke. The title of the article is one of the best characterizations of the Wilson bill we have seen. Mr. Clarke quite successfully deals with whatever principles are claimed for it by its framers. "The Production of Gold: is the Supply Sufficient?" by J. E. Fraenkel.

The article might have been better entitled, for the writer deals simply with the supply of gold and the outlook for increased or decreased production in the future.

*Annals of the American Academy of Political and Social Science* (January). "The Adaptation of Society to its Environment," by W. D. Lewis. This is by far the best article in this bi-monthly. The writer says "the test of human progress is the increase of human happiness." Among other ways in which this can be secured is "the adaptation of society to its environment." By this he means "all the subjective changes in man himself which increases the surplus of society. Any invention, any change in the method of production, or any addition to the fixed capital of the country, in which we include machinery and all improvements, changes the environment of a people." We must make the goods we consume more enjoyable. We must create new capacities for pleasure. We must encourage and develop new desires.

*The North American Review.* "Are we a Plutocracy?" by W. D. Howells. The main thought of this article will be a surprise to many readers. Mr. Howells says "the man who pays wages with the hope of profit to himself is a plutocrat, and the man who takes wages upon such terms, believing them right, is in principle a plutocrat." The term will thus "characterize not only all the rich people, but the infinitely greater number of poor people in this republic." . . . His characterization is a success only as it betrays Mr. Howells' own attitude. Such twaddle as he writes on social and economic questions comes from a pen that is actuated only by a desire to get a cash profit without any idea of contributing to the intellectual, moral or financial profit of others.

*The Chautauquan.* "A Conversation with a Labor Leader." This conversation between Mr. A. B. Youngson, of the Brotherhood of Locomotive Engineers, and Herbert Johnson, contains many features of interest and value. Especially important is the testimony that ninety-five per cent of the differences between officials and men are settled by mediation and are never heard of outside those immediately concerned.

*The Nineteenth Century.* "The Political Future of Labor," by T. R. Ghrefall (*secretary to the Labor Electoral*

*Association).* The writer regards the advent of the laborer as a real influence in politics in marking out "newer, deeper and more permanent lines" than those based merely on class. "Hitherto, the masses have had history made for them; henceforth they will make it for themselves. . . . As the labor party emerges from the realms of fancy into those of fact it is more clearly apparent that the masses wish it to work on those lines of steady development, of experience and evolution, which are so marked a feature of the Anglo-Saxon race."

*The Westminster Review.* "The Coal Question," by Hugh H. L. Bellot. This writer makes a study of the conduct of coal mines, giving the method of different countries, private ownership, the "domainal" system and the "regalien" system. His criticism of the prevalent custom in England, exclusive individual ownership, lays the whole cause of trouble about prices, wages, supply, upon the land-owners, who by means of their rents, way-leaves and royalties, add very much to the price of coal, reduce profits and prevent the payment of satisfactory wages. All difficulties he thinks will be removed by the passage of the Mines Nationalization Bill. Lady Cook continues her series of very interesting studies of "Habits and Customs of Mediaeval Times."

*The Fortnightly Review.* "Fabian Economics," by W. H. Mallock. This article is, in many respects, a keen criticism of socialist theories, especially concerning production. "The Employers' Liability Bill," by Vaughan Nash. The features of this bill, concerning which there has been so much discussion in England, are clearly presented. They are: "It abolishes the doctrine of common employment; the companion doctrine of acquiescence disappears at the same time; the limitation of the time during which notice of bringing an action has to be given is done away with; the definition of workman is extended to apply to anyone who accepts a contract of service, whether expressed or implied; the limit of compensation is also abolished; the contractor-in-chief is no longer exonerated from his liability because he lets out his work to a sub-contractor; the employers' liability has been extended so as to include the health as well as the life and limb of those employed; and, finally, contracting-out is put a stop to."

## Among the Books.

*The National Platforms of all Political Parties from 1789 to 1892.* Edited by THOMAS HUDSON MCKEE.

*Presidential Inaugurations, 1789 to 1893, with Inaugural Addresses complete.* By THOMAS HUDSON MCKEE.

Both published by the Statistical Publishing Co., Washington, D. C.

These books are valuable. The information they contain has not, we think, before been so fully gathered and published. The small volume, containing the platforms and also the names of all candidates at each presidential election, the vote both electoral and popular, the record of electors chosen and a comparison of the political divisions in each house for each political period, is well bound in leather, very conveniently indexed with the year in the margin of the pages, and in every way is worthy the highest praise.

The second contains not only the information called for by its title, but also the historical dates and incidents of each inaugural occasion, portraits and biographical sketches of the presidents, the names of the cabinet officers and date of service for each term. Mr. McKee has done good work and as far as we can judge, accurately. Both volumes deserve places in the libraries of editors, public men, students and colleges. For ready access to the matter they contain nothing can take their place.

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*Speeches and Addresses of William McKinley, from his election to Congress to the present time.* New York. D. Appleton & Co., 1893. pp. 664.

Mr. McKinley stands for the maintenance of a higher standard of wages and of living in America than can be maintained elsewhere, and for a tariff that shall restrict the competition of foreign products so far as to prevent them from displacing American labor desirous to make the same products. He also stands for the principle that every American citizen to whom the constitution gives the right to vote, shall "cast one ballot and have that ballot counted precisely as he cast it." He stands for scores of stalwart American doctrines, each one a synonym for calm, honorable, brave, dispassionate patriotism and justice.

Mr. McKinley is very nearly to our American commonwealth what John Bright was to that English commonwealth which still walks with the stride of Cromwell, though draped in the tinsel of royalty. John Bright, as an orator, was more rhetorical than McKinley, and had a flow of sonorous words and a personal magnetism, but he used fewer facts and was less pertinent and logical. Both men impress with a sense of their moral strength and their reserve force of manly, just, temperate and judicious qualities. McKinley is far less a visionary than Bright. He could not believe in the feasibility of non-resistance under aggression, or in a general disarmament of nations or in a universal removal of tariffs. But, in plain pungent common sense for common minds, McKinley reaches the American people by his speeches as pointedly and successfully as Mr. Bright reached the minds of the English people.

In some qualities Mr. McKinley is very obviously superior to the Quaker commoner. In his mode of stating or describing an opinion, or a school of opinions, with which he did not agree, Mr. Bright generally charged all divergencies from his own views to stupidity or knavery—whether the divergence was on the part of persons or nations. Mr. McKinley is less conceited and more just. He is also more appreciative of adverse views. As this capacity to appreciate an adversary according to his true worth, without yielding to his position, is one of the finest and most subtle of all qualities, combining generosity with acumen, it is creditable to our leading Republican statesman that he should present a contrast so attractive when compared with the foremost republican of modern Europe.

Among the many speeches collected in this volume his tribute to Grant at Galena, in 1893, is the most classic, condensed and charming. It is a gem, which will not even suffer in the trying comparison with Lincoln's speech at Gettysburg. Millions of Americans will read it with flowing eyes, all the more deeply moved that it aims only to recall the thrilling facts, without a word designed to be emotional. The Fourth of July address at Woodstock (1891) is as good a gospel of American citizenship as was ever uttered. Mr. McKinley never looks down with disdain upon things which are inevitably American, such as the party caucus, the nominating convention, the slow and imperfect means of holding public officers and political

parties to account. He is not much given to the "higher criticism" of reforming the constitution or changing popular instincts. Accepting these as the fundamental granite on which American institutions rest, he assumes that all progress must consist in building upon and above them and not in digging below them. Mr. McKinley is still growing, widening and deepening, like a river bearing onward toward the sea. By means of this book every American who can read can walk by the broad banks of this current, and without disturbing its free flow and native majesty, can study minutely the rhythmic throbbing of its waves and can possess himself in part of its native charm.

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*How Nature Cures.* By EMMET DENSMORE, M.D. London: Swan Sonnenschein & Co. New York: Stillman & Co., 1398 Broadway. 1893. pp. 405.

This is a remarkable book. It is remarkable both for the unusual character of the doctrine advocated, and the amount of inductive evidence presented in its support. The first part of the book is devoted to a vigorous arraignment of "the doctors," in which the writer insists with great force that the doctors do very little good, and often much harm, in their treatment of the sick. In these strictures Doctor Densmore certainly voices what a large part of the community who have no special knowledge of medicine or hygiene really believe. The conviction that doctors on the whole do very little good and charge exorbitantly for what they do is very general throughout the community. But he does not content himself with merely scolding the doctors; he devotes considerable space in this part to wholesome advice, giving simple, easy, rational rules for treating the sick and doing without a doctor altogether in a large majority of cases.

The feature of the book, however, upon which the author lays greatest stress, is his treatment of what he calls the "diet of civilization." Unlike his attack upon the doctors, this in no way voices the popular thinking upon the subject; on the contrary, it is in direct opposition to what appears to be the whole modern tendency. Hitherto, the reform movement in dietetics has seemed to be towards vegetarianism, cereals and vegetables being regarded as the only kinds of food fit for civilized man. To all this Doctor Densmore opposes a direct negative.

He mercilessly attacks the modern menu, reverses the maxim that "bread is the staff of life," and declares it to be the "staff of death." He boldly takes the position that starchy products, cereals and pulses, are entirely unnatural food for man, and that the attempt to make our diet of these starchy foods is the chief cause of the multifarious forms of failing health in modern society.

Upon the correctness of this position, Dr. Densmore's book must finally stand or fall. If this proposition is correct, this book is the herald of a social revolution. What we consume determines the character of industries, and this has much to do with the form of our social and political institutions. If we ask what is to be used in the place of starchy food, our author would promptly reply, fruit! fruit!! To thus eliminate starchy foods from the human dietary would probably revolutionize the industrial pursuits of four-fifths of the human race. Nothing less than the practical suspension of wheat, rice and corn growing, and the production of vegetables for human use, is involved in Doctor Densmore's proposition. Yet all this seems in no wise to appall him. Of course he does not pretend that this revolution can take place suddenly without disaster. He also knows that a change of opinion sufficient to bring about the revolution involved in the acceptance of his proposition can only be produced gradually, and hence has no fear of any disaster arising from the suddenness of the change. He discusses the matter as a scientific proposition toward which, if he is right, dietary reform and social changes should immediately tend. Radical and absurd as the proposition appears at first sight, a fair reading of Doctor Densmore's book will convince the reader that much more can be said for this new and exceptional doctrine than might be supposed.

In support of his theory, Doctor Densmore undertakes to show that starchy foods are unsuited to the human organism, and that the nutrition in starchy food, particularly cereals, can only be extracted by the most wasteful abuse of the digestive organs. This is not a question of fancy but of fact which science must decide. To the layman, the amount of inductive proof and general scientific testimony appears to be overwhelming. The Doctor has certainly succeeded in raising a case, the contest over which must be determined by experience. No amount of mere pooh-poohing will do. The evidence produced, and

it constitutes nearly a third of the book, is either true or false. In his discussion of the substitution of fruit and nuts, or what he terms the natural diet, his presentation is, at least, strikingly plausible. He endeavors to show that these products contain what the human race has sought for in cereals, and that they are pre-eminently adapted to the human organism. On this point also Doctor Densmore puts in abundant expert testimony. He shows by the extended experiments of prominent physicians in this country and Europe, and even by the experience of established institutions, that in the treatment of a large number of diseases the withdrawal of starchy foods is indispensable. He gives at great length some exhaustive experiments conducted by Doctor Salisbury, which show marvelous results from the substitution of an exclusive meat diet. The beneficial results obtained from these experiments Doctor Densmore attributes, not to the use of meat, but to the withdrawal of starchy foods, and in confirmation of this he cites numerous other instances where similar results came by substituting grapes for starch. And in every instance improvement follows the withdrawal of starch and the substitution of a non-starch diet. He goes so far as to think that the longevity of the human race is shortened fifty per cent by its diet, insisting that the natural life of man is over one hundred years.

A striking feature of the book is its continuity of thought and cohesiveness of treatment. From the first page to the last there is a persistent consistency. The failure of the doctors, the multiplication of diseases in modern society, the growing tendency to eliminate starch in the treatment of special diseases, the denuding of the earth of trees in the cultivation of cereals, the shortness of human life as compared with animals, the prevalent use of fruit and nuts among the ancients, and the resort to cereals as an artificial means of feeding the human race, under new conditions which it did not understand, are all made to contribute to the general conclusion that starchy food is the great source of human affliction. The substitution of orchards, vineyards and nut groves for corn, rice and wheat fields, horticulture for agriculture as a means of employment, the elimination of food cooking and kitchen drudgery from domestic life, together with the abolition of disease, the lengthening of life, increase of power and capacity by human development are among the blessings this new philosophy offers to mankind.

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GEORGE GUNTON, EDITOR.

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# SOCIAL ECONOMIST

APRIL, 1894

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## The Economy of High Wages.<sup>1</sup>

The principles of the American school of economics are beginning to find expression in many subtle ways. The English school of economics embraced the idea that wages rise as profits fall, and that whenever laborers prospered capitalists could not. Out of this theory came the Malthusian doctrine—that laborers could only prosper when their number was diminished, and that if war should take off large numbers of the laborers, or pestilence should kill the babies, or starvation should prevent marriages, then wages would rise; and, conversely, that prosperity, by increasing the number of marriages and population, reduces wages. That doctrine, coupled with the Ricardian theory, was the real point that stung Carlyle into calling political economy “the dismal science,” and which prompted Carl Marx to speak of “the iron law of wages.”

With the advancement of the last half century, the ice which has so long surrounded the wage question is being slowly thawed away by the social forces of the laborers themselves. The momentum given to the progress of the new economic view in America is bringing even Old World writers to a recognition of the new truth. I have before me three books, one published in Germany by Doctor G. Von Schultz-Gavernitz, “Social Peace,” one written in England and published in this country, “Economy of High Wages,” by Jacob Schoenhof, and a third entitled “Taxation and Work,” by Edward Atkinson. All these take the

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<sup>1</sup>Abstract of a lecture delivered before the School of Social Economics, by George Gunton, reprinted from the Dolgeville *Herald*, March 22.

position that high wages are more economical than low wages, and several prominent newspapers have taken up the same theme.

There is a great difference between candid converts to a new idea and the mere tactical use of a new idea to perpetuate an old policy. The two American writers referred to are distinctly of the latter type. Neither Mr. Schoenhoef nor Mr. Atkinson show any evidence of real recognition of the social and national importance of raising the standard of living and the wages of the masses in this country. But they recognize the fact that no important public policy can be successfully propagated which is not professedly in favor of high wages. These writers and journals are trying to make the high-wage theory an adjunct to their free-trade propaganda, arguing that, since high wages make low cost of production, America, having the highest wages, must have the lowest cost of production, and consequently needs no protection. Thus, instead of being influenced by the new thought that high wages is the basis of prosperity, which is the very foundation of the American democratic school of economics, they are trying to use the new truth so as to make it bolster up the English middle-class doctrine of foreign markets in free trade.

I regard the doctrine of the economy of high wages as of no less importance than the Declaration of Independence. (Applause.) The wage question is to be the great question in the statesmanship of Christendom for the next quarter of a century. The foundation upon which the thinking on all public questions must rest is the welfare of the wage classes, because it is upon their condition that our national welfare depends. Our chief difficulty to-day is the ignorance upon the wage question. It is because the popular mind is in such confusion regarding wages that this subject can be shuttlecocked by political parties. A knowledge of the wage question is an essential part of the education of every American citizen.

In support of the theory that high wages are more

economical, because they furnish a lower *labor cost of production*, these writers very properly cite England and America as having higher wages and cheaper products than other countries. They reason that high wages give greater intelligence, which implies greater productive skill and power; therefore, that as American laborers receive higher wages, they can do enough in a day to make their labor cheaper than that of lower-paid Europeans.

In this way Messrs. Schoenhof and Atkinson reach the conclusion that the country whose wages are the highest will always have an advantage over other countries, and will consequently never need any protection; only the countries with low-paid labor need protection.

Mr. Schoenhof says, on page 63: "Employers can therefore under no possibility lose where a permanently high rate of wages rules. They cannot possibly lose under a rising rate of wages, as a rise in actual wages is only possible with a rise in the productive power of labor." He seems impressed with the idea that high wages carry, in the personality of the laborer, an instantaneous increased productive power equivalent to his higher wages, and therefore, that rising wages cannot be a disadvantage to an employer. The way to verify economic theories is to introduce them to the facts in the case.

Let those of you who are in business raise your wages 25 per cent, and see whether your workmen will immediately produce 25 per cent more. You all know that they will not. On the contrary, laborers who are getting \$4 a day for laying brick in New York City, do not lay more brick per day than they did when they received \$2. When they received \$2 they worked twelve hours a day; now they work only eight. (Applause.) Moreover, formerly they worked harder, the boss watched them closer, and it was hurry from morning till night. Now they refuse to be prodded on, and if an employer becomes obnoxious in the matter the trade union steps in and objects. (Applause.)

As far as the personal skill of laborers is concerned,

their ability to produce does not increase in proportion to their wages. To sustain that theory we would have to prove that carpenters, bricklayers and other hand-laborers do three times as much as they did in the first quarter of the century, which everybody knows is not so.

On page 387 Mr. Schoenhof gives a list of fifty or more articles which are cheaper in this country than in England; that is, on which the labor cost is less. One of these is print cloth. He says the labor cost in weaving print cloth is 40 cents per 100 yards, while in England it is 48 to 51 cents. Therefore, says he, we can produce cheaper than England and we need no protection. Now, it is true that in this country, besides paying higher wages, we can spin and weave cotton at a slightly less labor cost than England can, but this is entirely due to our superior machinery. Here a woman can mind six looms and a man eight, while in England they seldom think of a woman running more than three or a man more than four looms without a helper. In England it requires a spinner and an assistant to watch 2,500 spindles, while in this country a spinner alone can tend 3,000; hence, though the wages are higher, the spinning costs the mill less per pound than in Lancashire.

Then why not have free trade, if we have such an advantage over England in this industry? Where do we need protection? These people talk as if spinning and weaving were all there is of cotton manufacture. We might as well say the cost of the food constitutes the whole cost of conducting a first-class hotel. They overlook the difference in the cost of the plant—the cost of equipping and maintaining the factory. To build a mill in this country costs about 40 per cent more than a similarly equipped cotton mill would cost in Lancashire.

This difference in the cost of the plant arises entirely from the high wages which our manufacturers have to pay hand-labor mechanics, such as carpenters and masons and bricklayers. There is where the greater cost comes in.

These laborers have to be paid the high wages existing in this country, and there are no labor-saving devices used in their work which will enable them to produce more or work faster. Spinning and weaving can be done cheaper here because the higher wages of the workmen are more than offset by the economy in improved machinery; but where the work is done by hand labor, then the cost of the product naturally increases directly with a rise in wages. That is the reason why beef, mutton, butter and other farm products cost more now than a hundred years ago, while cotton is so much cheaper. The truth is, that we need protection on print cloth simply because of the hand-labor which enters into the building of the plant. We could make cotton cloth far cheaper than England if it were not necessary to protect the wages of that great class of so-called "unprotected" labor.

The difficulty with these gentlemen is that they see only a half truth. It is true that high wages are accompanied by low cost of production, but the cheapness does not come simultaneously with the high wages. It cannot come that way, because high wages make a dear man. A dear man is the greatest product of our civilization (*applause*), but he makes a dear product if he has to make it entirely by his own hands. The only way to have cheap products with dear men is to have highly developed machinery. The process by which the machinery comes is always indirect. High wages mean large consumption, which in turn calls for production on a greater and cheaper scale. High wages, for instance, mean readers of books, and the demand for printed matter calls for larger editions and stimulates the invention of immense labor-saving and product-cheapening devices, as the Hoe presses. The cheapening therefore comes as an indirect result of high wages, and not simultaneously with them.

It is true that during the last fifty years we have reduced the price of cotton cloth three cents more than has England, but we have done it by maintaining our higher

wages, and the consequent increased intelligence and greater consumption has encouraged the invention of machinery which enables American operatives to produce enough more cloth than the Englishman to make up the 30 per cent difference in their wages. If we are let alone it will only take us a few years more to wipe out the remaining difference in the cost of making cotton cloth. There is already an invention being perfected in the Draper works at Hopedale which will probably enable a man to run twelve looms instead of eight as now.

That high wages make cheap products, and high-paid labor is more economical to a nation than low-paid labor, is the king fact of this century. But where wages are high they need protection against lower-paid laborers using the same machinery. The time will come when England will need protection against the Continent for this very reason. The cheap labor of Austria is now being harnessed to the new machines of America, and will soon begin to undersell England, who uses the same machinery but pays higher wages.

The Philadelphia *Record* only demonstrates its ability to get on the wrong side of public questions when it says, "We need only to show American laborers that high wages make cheap cost of production, and they will brush away the delusion of protection." The truth is—and it cannot be too often repeated—the cheapness through lower cost of production is not because workmen have worked quicker or more skillfully, but because improved methods have been introduced. It is the application of steam and electricity and other wealth-cheapening processes that has given us the cheapened products, and these devices have been a consequence of the larger consumption of the masses arising from higher wages. (Applause.) Because we see that high wages bring cheap products, let us not delude ourselves with the idea that if a man gets more wages he is going to work twice as hard. Labor-saving machinery is to ease him and allow him to work shorter and shorter hours.

High wages mean low cost of production, but they bring it indirectly through social growth and corresponding consumption, and as a result of the greater concentration of capital arising therefrom, so that it is usually a decade after the wages have been raised that the cheapening consequences come. That is why the higher wages need protection. (Applause.)

Mr. Atkinson's formula that "the country in which the rates of wages are the highest has the greatest motive for establishing free trade with all other countries, whatever the tariff system of other countries may be," should be exactly reversed. The truth is, *that country in which the rates of wages are highest has the greatest motive for establishing protection*, because the preservation of its high wages is the preservation of its civilization. High wages are more important to the welfare of a nation than anything that armies and navies are employed to protect. (Great applause.)

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### Popular Mistakes About Taxation.

America has two systems of taxation—state and federal. The former rests in most of the states almost wholly upon land, in the first instance upon its owner and not upon its occupant, and has usually been classed as "direct." Our federal constitution expressly treats this state system as direct, by providing that so far as direct taxes shall be laid by the federal government, they shall be levied through state machinery, and in proportion to the populations of the several states. This provision in the federal constitution assumes that taxes upon property are direct taxes, and that such taxes having, by habit, during the colonial period, become the state system, the states alone will have the complicated machinery for their collection, *i. e.*, the system of town appraisers, town collectors, sales of land for taxes, county boards of supervisors to correct town assessments, and state boards of equalization, all of whose interposition and services are essential to the

collection of a tax upon land or personal property, simply as property owned. The federal courts have followed in the some direction by adjudicating taxes upon property, real or personal, to be direct taxes, and quoting English economists in support of the proposition that such taxes are direct.

Yet it is noteworthy that neither English nor Continental economists could have had in view this American system of tax collection, simply because nothing like it was ever known in any part of Europe; neither in Great Britain, nor, so far as we have yet learned, in any part of Europe, does the writ which issues to collect a tax, sell the land itself for which the tax is assessed. It sells only the goods and chattels of the occupant, who usually is a tenant for hire, paying rent. Hon. Geo. J. Goschen, late Chancellor of the British Exchequer, in his treatise on local taxation, holds that it is impossible to find out whether the rates paid by occupants in Great Britain rest upon the tenant or the land owner.<sup>1</sup>

Since the system of taxes upon titles to land, which is known in America as direct taxation, never existed in Great Britain nor in any part of Europe, it is plain that nothing, whether of praise or dispraise, that any European economist has said concerning direct taxation, in any way applies to our actual state system of taxes upon the titles to real and personal property. It all applies to rates levied upon occupancy, which, as a mode of taxation, hardly has any existence in any part of this country.

In our state system of taxation we have a system which presents at first sight so much greater appearance of being direct, than the English system of rates upon occupancy, that if the latter should be introduced here we think it would, without doubt, be regarded as an addition

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<sup>1</sup> The report says (*Goschen on Local Taxation*, p. 178): "That your committee have examined many witnesses, and received at their hands very conflicting opinions as regards the proportion in which the burden of rates at present falls relatively on owners and occupiers."

to the tenant's rent and therefore indirect, *i. e.*, transferable. It is sufficient here to note that no British or European praise of "direct taxation" applies to our American state and local system of taxes on ownership of land, simply because they were all written of another and very unlike system.

The tangle of conflicting and thorny European authority being thus out of our way, the ground is clear for considering whether any such thing as direct taxation exists anywhere, *i. e.*, whether it is economically possible to levy an untransferable tax, and if not, upon whom does the "incidence" or final burden of any and all of our various forms of taxation rest. This is a large question in its bearings, but it does not necessarily follow that it should be an intricate one if it is considered in its essential singleness and simplicity.

The service which the whole state, *i. e.*, the federal, state, county and city government, renders to a taxpayer in return for his tax, is simply one of his costs of owning his property—like the search of his title, the clearing of his sidewalk from snow, or sprinkling the street to lay the dust in front of his residence. Who bears the tax of clearing his sidewalk from snow? Let us see. The owner pays the tax in the first instance, just as he would paint the roof, repair, decorate, or put in a new pane of glass, as one of the current costs of an investment on which he expects to reap a current rate of profit. If it is a building for rental in a city to numerous tenants, he is aiming to maintain a rental return of \$4,000 a year on an investment of \$35,000 or \$40,000. Of these costs, direct taxes on the land are as truly a part as is the price he paid to his vendor to get the property. They are therefore a part of the capital on which he is trading for a profit. It came to him out of the profits of previous trading, and it will go from him whenever he fails to obtain a sufficient return out of his present investment to prevent being sold out, or closed out in some form, by the excess of his expenses of conducting

the investment over his income either from that or other sources.

The point where the question is determined whether his taxes shall "eat up his income," and therefore come out of his capital instead of out of his profits, is the point of competition between him and his competitors in the business of buying and renting land and buildings for profit. Suppose that out of four competitors, all of whom have buildings of the same rental capacity in cubic feet of space for rental,

A keeps his cost burdens at \$1,500 a year and gets a return of \$4,500.

B keeps his cost burdens at \$2,000 a year and his return at \$3,500.

C keeps his cost burdens at \$2,500 a year and his return at \$2,500.

D keeps his cost burdens at \$3,000 a year and his return at \$2,000.

It is easy to see that A will have an annual profit of \$3,000 a year with which to buy new property. B will have an annual profit of \$1,500 a year with which to buy new property. C will be working at the marginal "no profit" line, and D will be making a loss of \$1,000 a year.

In these cases, A and B have paid all their taxes, including the special tax of sweeping their sidewalks, out of their income, and have over and above all taxes made a profit, which has partially prepared them to buy up the properties of C and D. C has paid his taxes, but at such cost that he has got no return on his year's investment, and so far as it is concerned must be running behind for his living expenses of the year. At this rate he must soon mend his ways, or lose his property. D, however, has lost \$1,000 net, besides all interest and income from his investment, and if it cost him \$2,000 a year to live, and he has relied on this investment to afford it, he has run behind \$3,000. Of course D has paid his year's taxes and for cleaning his sidewalks out of his capital. But this fact will

not be fully manifest until he comes to be obliged to sell out to A, who, by bringing better methods to bear, buys D's property for say \$25,000, and brings it up to an annual rental of \$4,000 a year, which makes it in fact worth \$40,000. The \$15,000 capital sunk by D in not being able to make his property profitable at any time, although he owned just as much rentable space as A or B, now looms up as the fund out of which D's taxes were paid during the entire period in which this aggregate loss resulted. C paid his taxes out of his rents, but with the effect to leave him no interest on his investment and no earnings for his services. Their final incidence is on him because they take away just so much profits which he would otherwise have made. But A and B have paid their taxes wholly out of profits.

From this illustration it will be clear to every business man that all direct taxes are paid out of profits and out of capital. D can charge no more rent per cubic foot of space than A, B or C, nor do D's tenants pay any higher rate of rent than those of A, B or C. Hence the tax is not transferable to them. But, if paid out of profits, who pays profits? We answer, profits are the surplus left to the fortunate or far-seeing producers who are able to supply a demand at a lower cost than the composite and average cost at which those producers supply it whose cost fixes or determines the current price. Hence all profits are relative savings in cost. But a saving in cost is a costless saving, in the sense that, while it profits the saver to make it, it costs no other person anything that such a saving is made. Hence profits are a costless harvest, a something made by somebody at the expense of nobody. They are like knowledge, virtue, fidelity and every other element of progress. They profit everybody and cost nobody. They are like the discovery by the farmer, who had previously put stones in one end of his sack of corn to balance the weight of corn in the other, that by simply dividing the corn, the ass could carry twice as much corn, and the corn

would balance the corn. This was a profit in transportation of 100 per cent. But like all profits, it was a costless contribution to the world's aggregate wealth. Absolutely nobody paid it, because it had no cost at any point. The previous cost of carrying the stone which it removed had added to the previous cost of wheat without increasing its utility. Wheat would therefore be reduced in ultimate value as all farmers came to adopt the improvement, in substituting all corn on every mule back for half stones, but until the new device became general the improver would reap the value of the costs he had removed, as profits on his industry, which it is plain would be a tax on nobody.

By extending this reasoning to other modes of investing capital, the thoughtful reader will be rapidly brought nearer to the conclusion that the one source of taxation, out of which all taxes must ultimately be paid, is profits.

By another route we reach the same conclusion. It has long been an axiom in national finance that a tax cannot be laid on a tax. On this reasoning many of our federal court decisions of legal and constitutional questions have been based. But it is an economic, as well as a legal, principle that the wit of man cannot successfully collect a tax out of a tax. As well try to bore a hole into a vacuum.

If we assume that a tax cannot be taxed, we must first concede that it is impossible to tax labor. Labor is the primal cost and tax, whose value transfers itself most irresistibly into all other things. Of what does it consist? Say of time, self-denial, muscular exertion, obedience to orders and whatever else. Bring on your tax gatherer and he can collect nothing out of any of these! Nor can taxes come out of wages, since wages are of all taxes the most urgent to be paid and the most instant to shift. If their purchasing power over commodities is impaired by imparting to the commodities usually purchased out of wages an increased price, the wage-worker promptly recognizes the deduction and demands that it be covered. The cost of commodities, or standard of living, is the medium on

which wages float as a vessel floats upon water, rising and falling with it and always displacing its own weight. As wages rise and fall with these costs, they constantly tend to transfer them to something which is not itself a tax, but a fund. This fund is profits.

As profits are the excess of value in commodities above the cost of production of the portion whose costs of production determine price, and as this excess is due to demand, and effective demand is only another name for the value conferred by the societary movement, which in turn is only another name for the "unearned increment," it follows that all of the so-called direct taxes are finally paid out of the "unearned increment." They rest exactly where the single taxers think they ought economically to rest; their chief mistake being in assuming that there is no unearned increment except in land values, whereas there is in fact an unearned increment wherever there is profits in anything—whether it be land, fame, good-will, popularity, or any other form of favor.

There is a third reason why taxes could not be collected out of wages. They are themselves the wages paid to public servants for labor performed in the public service. It is as impossible economically to make wages a source of wages, as it is to collect a tax out of a tax. If a wage-worker pays over a portion of his wage to another, this does not make the former the true source of the latter's wage. Before the payment is made to the first of the two workers, there must be an expected difference between the cost of raw materials and the realized value of some product, and this difference in value is the fund out of which both wages and profits must ultimately be paid. But all of this expected difference which is not paid out in wages and other costs of the enterprise is profit. Hence the profit-maker is the only ultimate taxpayer, and all taxes are a devotion to the purposes of the state, either of unearned increment or of unavoidable decrement upon capital seeking to make a profit.

## Mr. Gladstone's Retirement.

The retirement of Mr. Gladstone from power marks the close of the most prolonged active political career of this century. Entering Parliament in 1833, at the age of only twenty-four, his public life embraces more than half a century of action. For fully forty years he has been a recognized leader in political life of the most extended empire of the world. He could not for so long a period have occupied so commanding a position in the very focus of the world's political activity without great and masterful qualities of character and endowments of mind. Nor could he have been the representative opportunist and the facile transformationist of the modern political stage, always stepping upon the outward bound train just as the whistle sounds, without having the happy quality of deriving much of his conviction as to what ought to be done from a keen mental grasp of what it is possible for him to do. When this quality is combined with a sturdy and vigorous mental habit of regarding this opportune course as at once severely just, profoundly wise, and absolutely essential to the public safety, it is evident that we have steering qualities of the very first dignity, and which only need a good chart of the seas over which he is sailing to result in good pilotage. It is to these steering qualities that England owes the several extensions of the suffrage to householders, in 1867 of boroughs and in 1874 of counties, which have practically admitted the wage workers to vote for members of the House of Commons. Besides having seventeen wage workers as representatives, they exercise a powerful influence over the representatives of other parties, as they control about eight-tenths of the entire vote. Mr. Gladstone entered upon political life addicted through his education at Oxford to the Tory chart, and yet affiliated through his descent from the eminent Liverpool trading firm of John Gladstone & Sons, ship owners and slave planters, with the middle class

mercantile and shop-keeping race, of whose power and genius the past half century of British history has been the outward expression.

As he advanced in life he swayed back in his sympathies from the class among whom he was educated, into the class in which he was born. The force of heredity overcame the bias of his earlier environment and made him a middle-class man. His moderate inherited fortune came through ocean trade and not through British land-owning. It allied him to the merchants and manufacturers against the country squires and gentry. It made him a "philistine" rather than an aristocrat; he respected profit more than property, and the ability to do more than the credit of having done. Hence he lived in the passing gain of the politically possible, and kept on playing for the game and not for the stakes. In this lay the quality which kept him perennially young, the most aggressive yet the most parliamentary man of his party. His wisdom lay in knowing how to do many things which it might have been a far higher order of wisdom to know how to avoid doing. Hence he did more business than it paid to do; he was at times more successful than useful, more facile than profound; there was always more foam at his prow and more wind in his sails than distance in his wake. He was eminently a hero of words and of language. He lived in dialectics and rested in Homer. All of this stood for "words"—difficult, resonant and masterly words, but in no way approaching the quality of facts, reforms or principles. Science was a bore to him. Social economics, except as the merest governmental book-keeping might touch it at a tangent, was a labyrinth of thought in which he cared not to venture. It would have delayed his regular attendance at public morning worship or have cost him the time he could ill spare from the delights of reading Greek. He never made a speech in which he discussed the effects of any form of legislation on what would to-day be called the interests of the working masses. Every law

for modifying philistine oppression in England, every reform which sought to shorten hours of labor or shield women and children from the exactions of masters, was born with his opposition, though in the end it might have been carried by his aid. Although from the time he became a convert to the repeal of the corn laws he opposed every measure for the reduction of the hours of labor, he last year finally voted for the adoption of the eight-hour system for the English coal miners, and, a few months later, for Woolwich dock yard laborers. He was the first to introduce cloture in the House of Commons to suppress the obstruction of Irish members, throwing Parnell and his colleagues into jail, and ended by being the leader of the Home Rule movement. He was an extreme individualist, and yet introduced more socialistic land legislation in Ireland than exists in any other place in the world. By his land law of 1881, Irish tenants have the right to go into court and demand a reduction of their rent by simply showing that they were unable to pay it, and the offer of reduced rent precluded the landlord from getting any other tenant—privileges which Englishmen never thought of asking for, and which would not be tolerated in this country for an hour.

He was the stalwart defender of the established church until Disraeli beat him with his “rat-catcher franchise” motion in 1867. He then led the movement for the disestablishment of the Irish Church, upon which he was elected to power in 1868, and has since declared for the disestablishment of the churches of Wales and Scotland. For fifty years he has been a staunch defender of the House of Lords, and in his retiring speech declared for its abolition.

From the time that he changed from a protectionist to a free trader to the day of his retirement, he has been on both sides of every important question that has occupied the English public mind, beginning with opposition and ending with acquiescence. and yet nobody thinks of charging him with fickleness or dishonesty. In short, he began

political life at twenty-four as a blue-blooded Tory, and ended as a revolutionary Radical at eighty-five. He studied little and thought little of the effects of law on wages, the standard of living, the productive power and the consumptive power of the poor. The dominant assumption in his speeches is, that the government is bound to consider such a question only as it may affect its receipts from taxes.

He was as destitute of imagination in the formation of his convictions as he was of originality in arriving at the principles which should determine his course. Hence, though he made more speeches, influential in their immediate effect, than any other orator who ever lived, he uttered no sentence that will endure either as expressing a noble enthusiasm or an advanced truth. His foresights were often on the surface, and grew out of his keen sense of the immediately feasible. His mistakes were as often profound, and grew out of his wrong economic tendencies. He foresaw early that the Tories would be beaten in the effort to prevent the repeal of the corn laws, and hence made haste to leave them on that issue. In jumping to the platform of the political economists, he ranged himself with the authors of an economic disaster of the first magnitude.

He was equally in haste to announce in 1861 that Jefferson Davis had founded a new nation. The fact that the Confederacy was based on slavery attracted instead of repelling his sympathies, perhaps because his fortune and antecedents were of a kindred nature.

Thus Mr. Gladstone performed the remarkable feat of running the whole gamut of political changes from a hard-shelled Tory to a revolutionary Radical without being seriously charged with dishonesty or losing the confidence of the British public. The ease and frequency of his change of political and economic positions were due to the slimness of his convictions. Having no deeply-rooted convictions or economic and political philosophy, he could change his views as expediency seemed to demand, without

reluctance or regret. When he lost old friends he always found new.

In changing from a protectionist to a Peelite he offended the Duke of Newcastle, but, when he lost his seat for the Duke's pocket borough, he was elected by Oxford University. When he offended the leaders of the University by becoming a Liberal, he was taken up by South Lancashire. When he offended South Lancashire by his course on the Irish Church, he was elected for the borough of Greenwich. When, for his vacillating attitude toward the labor movement, he was losing his prestige in Greenwich, he was taken up by Midlothian. During this time he advocated high tariff and then helped to repeal the corn laws. He opposed the Chartists' programme for extending the suffrage and giving the ballot, and finally introduced the Reform Bill and passed the ballot. He opposed the reduction of the hours of labor from twelve to eleven and from eleven to ten, and finally voted for the eight-hour law. He defended the churches and established institutions, and finally approved the bill abolishing the Irish church, and has threatened the same to the Welsh, Scotch and English churches. He was the author of coercion in Ireland, and rudely suppressed the Parnellites. He introduced the Land Act, and assumed the leadership for Home Rule. He was a staunch defender of the House of Lords, and retired from office by declaring for its abolition. A man, who can do all this and still occupy the chief place in the nation, is sure to be a conspicuous figure in the history of the century.

Mr. Gladstone resigns his premiership to Lord Rosebery, who stands for the principle of a federation of the Empire. He was the founder and first president of the British Federation League. He has been a profound admirer of the combination of home rule with national unity effected in America by the constitution of the United States. A parliament at Westminster consisting of a senate and a house, to which each part of the empire shall

send representatives, while enjoying home rule in its local affairs—this he declared in his last speech in defense of Gladstone's Home Rule bill in the House of Lords to be a cause to live for, and one worthy even to die for. It would be much easier for a British cabinet to successfully carry out the Rosebery than the Parnell-Gladstone form of home rule.

### Our Constitutional Convention.

The *Review of Reviews* for March modestly puts into the form of an interview with a delegate an interesting résumé of the leading questions likely to come before the approaching constitutional convention of the state of New York. The convention will meet on May 8th at Albany, and its members will receive no *per diem* pay after September 15th. Hence it will probably fill the four vacation months with its work. To give it as many of the incidents of a summer rest as its work will permit, it will probably adjourn to Saratoga. It is suggested that New York now contains virtually two states, a "city state" overwhelmingly Democratic, and a "country state" just as overwhelmingly Republican. The line of boundary between the two crosses from the Hudson River to the Connecticut line, just above Yonkers. The effect of this geographical distribution is to give the small Republican majorities in the rural districts a disproportionate share of members of the legislature, while the very large Democratic majorities in New York City are virtually lost votes. As the districts are inseparably connected with county lines, this peculiarity is not likely to be changed.

Proportional representation, at least for city governments, is likely to be seriously considered. One mode of accomplishing this is by cumulative voting, *i.e.*, by placing a group of elective officers on one ticket, say all the aldermen from five adjacent wards, and allowing each voter to vote for all or to cumulate all his votes on one. If five

candidates are to be voted for, and one class of voters, not able to obtain a majority under the present system, cumulate all their votes on one candidate, they will be sure, if they have a fourth of the total votes of the district in question, to elect at least him. The peculiarity of this system is that officers now elected by wards must then be chosen by "stacking" several wards or the whole city together, and voting for aldermen of all these on a common ticket. But are not political machines necessary to do this very "stacking" which is necessary to make the proportional voting effective?

The contention, therefore, that proportional voting will abolish party machines, when the action of party and class machines is necessary to arrange with the voters for stacking the votes, so that the minority of votes may elect their proportional minority of the officers, is not quite clear. The very purpose of providing that the now existing national parties and the usually existing side factions shall, under the proportional system, get a share of the officers more nearly proportionate to their voting strength, seems to imply that the division of voters by party lines, and the organization of voters by party machines, will continue. Being necessary to the "proportional" working of the system, how could these evils disappear under its operation, as its advocates contend? If it would put an end to party voting in municipal affairs, then the voting masses to which it proposes to give aliquot portions of power would disappear, and nothing entitled to "proportional representation" would remain.

It is a frequent mistake of reformers to suppose that their proposed improvements in legislative or elective machinery will abolish parties, or obliterate the tendency of parties to relegate their effective power to "machines," "bosses," or "leaders." A very vigorous and prolonged effort made a few years ago to abolish "bosses" in the state of New York finds its net outcome in a descent on the part of the people of the state from the moderately

intellectual and usually honorable leadership of Seward, Seymour, Fenton, Sanford E. Church, Conkling, Arthur, Fernando Wood and Cornell to the somewhat less satisfactory bossism of Hill, Murphy, Cleveland, Divver, Croker and McKane.

We do not expect proportional representation to abolish bosses. But so far as it will cause city aldermen to be elected on general tickets, nominated for the whole city, of whom a definite portion are sure to be elected by one political party, another smaller but equally definite portion by the other political party, and a few scrub candidates by the loose fractions of socialists or prohibitionists or woman suffragists, its chief effect will be to give additional potency to the nominating conventions or machines of the two or three chief parties, and some added chance of public life to the representatives of "crank" parties and of the Adul-lamites who find a public enemy in society itself.

Dr. Shaw's "delegate" believes that the constitutional convention may deal directly with the question of "Greater New York" so far as to lay deep and broad the foundations of a system of metropolitan city government for New York City and its environs. In this case the political mechanism will be ready for the new municipality in case the voters shall vote in favor of its creation. This question will be submitted to them at the same election as the constitution itself. Other reforms suggested, particularly that of "mending the law's delay" and revising the educational system of the state, deserve careful attention.

The *Review of Reviews* presents the pith and substance of the moving thought of the world. Its many convolutions are full of "gray matter." The quantity of brainy and artistic work that gets into it is exceptional and attracts the steady admiration of all good critics.

## **Contributed.**

Correspondence on all economic and political topics is invited, but communications, either for private use or for publication, must bear the writer's full name and address, and requisite postage must be inclosed for return of manuscripts or answers to communications. The editor is responsible only for opinions expressed in unsigned articles, and reserves the right to criticise freely views presented in signed articles, whether invited or not. Typewritten manuscripts preferred.

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### **Economic Theory Concerning Value.**

The crucial effort among economists during thirty years past has been to formulate a law of value. Adam Smith had been quite clear that value is due only to labor, though he did not indicate whether the value of the labor invested in the commodity would be the exact measure of the value the commodity would have, nor was he clear whether the labor to which its value is due is that employed in creating the thing valued, or in creating any one, or which one, of the many different things, each involving a different and unlike expenditure of labor, for which it will exchange. Ricardo said it was the quantity of labor used in producing the thing valued; Cairnes, in his doctrine that the demand for any given product is proportionate to the supply of the goods offered in exchange for it, leaned toward the view that labor expended in producing the latter created the value of the former. McLeod, Jevons and the Austrian school held that a primal difficulty in ascribing all values to labor employed in production, whether to the labor which produces the goods themselves, or to that which produces the goods for which they actually exchange, is that a large proportion of all values, at all times, inhere in certain things which labor does not singly or directly produce, nor does it necessarily produce the

things for which they exchange. Thus there may be an exchange of capital for land, or of land or capital for labor, or of land, capital or labor for bank credit. Neither labor, land nor bank credit is the immediate or direct product of labor. And though capital is sometimes said to be created by labor, it would seem that the application of wealth to productive purposes, which causes it to be capital, is created by other qualities than labor, since it is always done by a capitalist and never by a laborer. Credit is the product of success rather than of labor, and land is a geometrical quantity of space which conditions labor, but it is not produced by it, whatever may be true of land values. Jevons, Wieser and Böhm-Bawerk all find it necessary to deduct the values of "productive investment," or "productive goods," whether machines, capital in all forms, buildings or land, from their earning power, *i. e.*, their productivity in facilitating, or their necessity as conditioning, the creation of "consumption goods." Sidgwick, Marshall and a crowd of the later English economists recognize this.

A machine which will save the labor of a hundred men in making envelopes or wrapping cigars or folding newspapers will at first have an "earning power" equal to that of the hundred men whom it displaces. This "earning power" will gradually diminish as the machines are multiplied, until it only becomes the average rate of interest on the capital cost, or cost of production of the machine.

Machines, therefore, are clearly a form of "production goods," which for a time have a standard of valuation based on their earning power. But if machines have to be thus valued at first according to their earning power in producing consumption goods, why may not eligible business sites, blocks and rooms for rental? And since capital, credit and loans of money are only means of promoting the production of commodities, why may they not derive their value at certain times from their "earning power,"

rather than from their cost of production? This does not deny that the "cost of production" may operate even on them to reduce them to its own level in the long run. And since the labor of man is the industrial machine still always held in reserve, to be called in when no other machines will do the work through incapacity to think and know, may not man's labor participate with the senseless mechanisms, such as land, money, capital, machines and credit, in a capacity to obtain pay according to his "earning power," as measured by the degree in which he either "conditions" or "facilitates" the production of commodities.

We can imagine a form of labor so quiescent that its wages are manifestly a rent paid for observation space. If Sandow's muscular power become so phenomenal that he can be placed on exhibition, or if Esquimaux are so squat that crowds will pay a price to look at them, the price paid is as much rent as the price paid by an advertiser for a dead wall. But if rent, then the law of value governing it entitles Sandow or the Esquimau, according to the Ricardo theory of rent, to all the difference by which his earning power exceeds that of the poorest or most expensive freak on exhibition or in use. But if, instead of remaining quiescent, he gets up and walks, does his performance change from one of natural qualities or rent to labor and wages? Do the principles on which his service is paid for change because he walks? Yet, if labor is a compensation proportionate to natural qualities in the laborer, as rent is a compensation for natural qualities in the land, then its rate ought to be graded according to the degree of productivity of the laborer relative to the least productive competing laborer in use. But while this is a good rent doctrine, it has never been good as a labor doctrine. The laborer has never been held to be the landlord of his own muscle, entitled to receive the whole difference in value or productivity between his own labor and that of the most expensive or least productive labor in the market. If a landlord can exact a rent which absorbs the

whole advantage his land possesses, whether of fertility or location, why cannot the laborer get a rent for his service which will absorb the whole of his increased productiveness? When other powers of nature which "condition production" can determine price, is man the only one which conditions production, but has his price fixed for him at a never varying and always stationary standard, as Adam Smith assumed? Moreover, Smith was careful to observe that labor, though always of the same unvarying value to the laborer, was twice as high to the same laborer if he resided in London as if he resided fifty miles out in the country.

The productivity of land, or of capital invested in land and buildings, is the economic source of rents and interest. But is the productivity of labor in like manner the true source of wages? If labor is paid out of its product, how will the diminishing of the number of laborers, and thereby, in at least like proportion, of the magnitude of its product, increase their pay? Will cutting off the tails of foxes increase their fur? Burning up corn in sufficient quantities will raise its price, because it is the aggregate product of a year's cosmic conditions and soil. The annual crop is not to be set in motion like a mill. But if we should burn up cloth the mills would run. The price would not rise.

The consumptive demand by each set of laborers for the products of the others, conditions their production and sale at a profit. The profit which the profit-maker obtains upon his capital and stocks, is the wage which he earns as the servant of aggregated society to effect the exchange..

Man, as a consumer, "conditions production" in the same sense that land does. Somebody willing and able to buy it, is as essential to the value of a commodity as the space in which to produce it is essential to its creation. Hence all theories of value which look for its sources backward along the line of production of a commodity, overlook its motive, viz., to satisfy a consumer's wants; overlook also its exchange price, viz., a consumer's services;

and overlook finally the gauge or measure of the potential quantity of that price, viz., the consumer's productive power in those fields of counter-activity in which such consumer figures as a commodity producer. It is the sum of the productivity of the consumer's industries which constitutes the "effectual demand" to which Adam Smith refers as the ultimate cause of price, and which Cairnes regards as the opposite phase of supply. Demand determines where the price, at which a given market shall be continuously supplied with a given product, will stop. Increase the productivity of the consumer's industries, or what Adam Smith called his "effectual demand," and the price at which a given market will continuously be supplied with any article will rise. To this extent the Duke of Argyle's criticism on the double use of the word "determine" in all definitions of value, that it is "a word of measurement and not of cause," is correct.

The line of highest or dearest cost of continuous production indicates where price must be. But it is the prosperity of consumers that, as a cause, sends it there. Diminish the productivity of the consumer's industries, and the price which can be obtained for a continuous supply of the same product will temporarily fall; producers whose production has heretofore depended upon the maintenance of that price will cease producing, and the line of dearest continuous production will descend as an effect of diminished demand.

The line of dearest continuous production determines value, or measures value, as the rise or fall of mercury in a thermometer measures temperature, simply because it obeys every exterior force tending to affect value, just as the mercury obeys the exterior forces which control temperature. It would be impossible that the mercury should be at the same time the force that controls temperature and the agent that registers it. The exterior forces which control the movement of this line of dearest production of freely producible commodities, are two. One of these

is the cost of production, the other the productivity of the industrial power of consumers. Meanwhile this same consumer's purchasing power is a paraphrase for the average standard of living of the industrial community in which the industry is carried on, or which furnishes it with a market. This power of the consumer's demand acts as an expansive force on controlling price, not merely of commodities freely producible by human power, like cloth, but also of things whose value is said to rest in monopoly, like land and natural opportunities, and of things whose value is in their earning power. As millionaires multiply in London, Paris and New York, the value of aesthetic but barren building sites on the Thames, Hudson or Seine rises above that of the more productive farm lands equally near which have no elevated view. So long as a farmer is the only purchaser of land, grain and pasture are worth more than barren hillsides overlooking a river. But as millionaires become the land market, the grand view rises above grain and pasture in value. It is not labor that makes these aesthetic values, but the ability to live without labor. Hence the growth of numerous men of wealth constitutes the consumer's demand, which gives rise to an order of values in lands that are not fertile, far higher than any values that exist in fertile lands. Consumer's demand and standard of living are convertible terms. A vessel floating on water displaces a weight in water always equal to its own. So a man may be said to float in society by displacing a certain weight of expenditure corresponding to his own. All that a man receives or obtains he must in some manner expend. Whether he expends it on corner lots, diamonds, dinners or mills, it broadens his standard in some direction. All that he expends he must in some manner obtain. Whether through profits, loans or salary, it is part of his standard or environment. The sum of what he receives and expends is the measure of the totality of his industrial power. It is also the measure of his standard of living. Hence one's totality of receipt and

expenditure is his standard of living. What is true of each individual in a community is true of the aggregate.

The line of the "final degree of utility," according to the Menger-Jevons-Böhm-Bawerk school of economists, bears the same relation to the line of "dearest cost of continuous production," as the lowest line of vacuum in a thermometer bears to the highest line of the mercury. They are the same. The utility, to a purchaser, of purchasing a given product at a given price in a given market, ceases exactly at the point of dearest continuous cost of production, or the point in price variation at which no producer at a higher rate of cost can continuously produce. The one states the lowest potential point of compensating price from the standpoint of the producer, the other states the highest potential point of compensating price from the standpoint of the consumer.

Consumers are, under both systems, as modernly regarded, the creators of all values. Producers create only commodities; effective demand on the part of consumers is a consequence of their own productivity in some reciprocal and opposite line of production; production in one line is conditioned upon the consumptive demand created in another line. This in turn is due to its own power of production. The price movement is not one of mere exchange between two social atoms. Before they can exchange, their values must be brought to the same level. The movement of values is circular and rotary among all commodities. It involves all groups, classes and conditions of men and things. It is wide as the tides of the ocean, pervasive as the pulsations of light and darkness, metaphysical as the throbs of human desire, yet delicately concrete and measurable as the surface of a flower.

The active phase of the value movement stands arrested in Dr. Carey's phrase, "the activity of the societary circulation," or "the rise in the power of association and commerce among men." This rotary or circulatory movement of things and prices brings society as an organism

into likeness to an individual, whose life and vigor are the product of circulation, respiration and vital force. In proportion to the power of the movement is the vigor of the individual nature. Price is the pivot or balancing point between reciprocal lines of production and consumption. It is an equation of the productive power and standard of living prevailing among those to whom it ministers, as the sea's level is an equation between the various bodies affected by gravity, which establishes their relative density at sight. Agricultural prices, farm values and farm wages rise in proportion to the activity of the societary movement or commerce between the farmers so affected and the manufacturers and other non-farmers producing for them and consuming farm products. This is the fact which Mr. Dodge, the statistician of our Agricultural Department, beautifully and accurately exhibits by his pyramidal diagrams in "Farm and Factory." They are better discussions of the law of value within their limits than they would be if loaded down with algebraic symbols or Hegelian metaphysics, like the abstruse efforts of Jevons, Marshall, Marx or Menger. But there is another side which Mr. Dodge's pyramidal diagrams, though they might, do not yet exhibit. Manufacturers' profits or earnings, factory values and factory wages, rise likewise in proportion to the activity of the societary movement between the manufacturers and the farmers or other non-manufacturers. Manufacturers, too, find a source of increased advantage in nearness to the most productive exploitation of the soil and sunlight. If by the aid of steam plows, steam cultivators and steam harvesters, one man's labor harvests eight acres a day, and his product rises from thirteen bushels per man which he produces in Italy to the 920 bushels which he averages in America, or to his 5,000 bushels in Dakota, then in the exchanges of corn against cloth, land, labor, rents, etc., the price of these as measured in corn rises, and the rise attaches to the money price in which the corn price is expressed. An equation in values certainly goes on

between the various quantities at both ends of the lines of production. Whether it results in establishing a unit of value, or economic atom, is now the crucial question. Is the adjustment of values which continually goes on between products of unlike kinds, such as cloth and iron, wheat and silks, meats and labor, one which results from an economic tendency to equalize the value of labor time, or of the average value of a given amount of effort on the part of one average man, to that of similar expenditure of effort on the part of every other?

In Adam Smith's time this hypothesis was plausible. Labor had then continued at a nearly equal rate of compensation for twenty centuries. The difference between its rate of compensation in England and even in China, when manual labor prevailed in both, was slight. Within the century, however, it has risen into a disproportion of twenty to one. The equal value to the laborer of equal quantities of labor, at all times and places, as propounded by Adam Smith as an economic starting point, is no longer a tenable proposition. Machine power, and the brain power which devised the machinery, and the more active societary movement and higher standard of life which caused the brain power, have, within a century, made an hour's labor of the average unskilled laborer in America or Great Britain worth at least ten hours' labor of the highest order of skilled labor in Persia, India or China. The economic unit or atom of value cannot therefore consist of the average surrender of one's ease, as Adam Smith taught, or of average labor time, as Karl Marx thought. Nor does it consist of average consumption power, say the average subsistence or "rations" of a man or a family for a day. This differs for each locality on the globe at any one time, and for each period of history, in each locality. To make as many units of consumption as there are conditions of living, would be a failure to find the unit. If there could be an atom or unit in valuation, it should stand connected with man's consumption power, or means of subsistence,

and not with his productive power. This is the necessary corollary of the doctrine that values arise through demand, and not through labor.

Opposite productions are the circumference of the circle of which the price at which they exchange is the center. We know that in some sense the center is equidistant from both points of exchanging production, for in the trade both producers meet each other half way.

But are the immediate steps from the price back to producer equivalent as measured in labor time, in self sacrifice, in contribution to happiness or in fortunate opportunity? Mr. Spencer opens the discussion of his synthetic system of philosophy by confessing that the fundamental and primary concepts on which it rests, such as matter, force, motion, space, time, life, law and mind, are all convertible, unknowable and primary ideas. There are no terms in which to define them which do not imply that we know what they are, without definitions, and are not helped to know them better by any intellectual process whatever. So value is the fundamental concept in economic science. It is to economics what matter, motion, force, space, time, life, law and mind are to universal science and philosophy. The instant we seek to define matter, it escapes ghost-like and becomes motion, force and space. The effort to define law resolves it into mind, will, life, intelligence. So to define value resolves it into labor, consumption, sacrifice, time, space, desire, will and what not. Like the postulates of philosophy, in the last analysis it evades analysis. Does this leave political economy in a plight other than we should expect? If in all other science, the fundamental concept is irreducible, if its unit resolutely evades and resists definition or resolution to an absolute atom, and if in economics it also is not reducible, is not a strong case made out in behalf of the parity of economics with her sister sciences, in the fact that it has an independent simple concept of its own, as space is the simple concept of geometry, or as time is the funda-

mental concept of history? Time can only be measured or defined in terms of time, space in terms of space, mind in terms of mind. Why then should it be possible to estimate value but in terms of value? Why is it not an independent, original, simple concept, incapable, like all simple concepts, of further analysis or definition?

The fact that a philosopher, and no other, discovers it to be impossible to define or comprehend space or time or mind is concurrent with the fact that a child or even a quadruped or a bird has no difficulty in perceiving the presence of either, its nature and true relations. Indeed, no facts are so simple, clear, solid and basic, to all minds, as those which are primary ideas. Hence the difficulty of defining value, when it is once perceived to arise out of the fact that it is a primary idea, of which all terms used in defining it must be fractions or multiples of itself, disappears.

VAN BUREN DENSLAW.

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#### Future Wheat Farming.

Dollar wheat is the western farmer's sweetest memory. It has now been his hope so long deferred as to be his despair. He just remembers two-dollar wheat among the glories of the Civil War; but now he experiences the horrors of fifty-cent wheat. It is generally believed that the low price of wheat is not permanent, and that there will soon be great advances. And I venture to predict that the price of wheat will not permanently advance, but, on the whole, steadily decline, notwithstanding the fact of the increasing concentration of the population into the cities, and in spite of the absurd claim made by some that the wheat-producing area has been all, or nearly all, appropriated.

The cost of producing wheat is being reduced and the price is sure to decline. The farmers of the West (and even the farmers of India, under English guidance, are

imitating them), plow riding on gang-plows, sow with horse drills, reap with improved self-binders, and thresh with steam threshing machines. But they have in no way changed their social condition. Their standard of living has not improved. Their individual use of machines isolates them, rather than concentrates them. They are using modern machines of iron and steel, but not the more important, intangible machinery of modern business. Corporate machinery would be worth more to them than all their gang-plows and self-binders. Continuing along their present lines, they can and will sell wheat down to twenty-five cents per bushel, because the cost of production is decreasing toward that point. Moreover, it is decreasing generally, and gives, and can give, no profit; whereas under corporate organization, profits could be made at that price and at all the intervening stages of the price, because between the companies and between them and individuals there would be infinite variations in the cost, and, therefore, plenty of margin for profits to all but those compelled to sell at or below their actual cost of production. With all their immense aggregate of capital, the great bulk of farmers make only the wages determined by their cost of living. The prices which are adjusted to cover such wages cannot increase, except as forced up by higher standards of living. But if the farmers concentrated their capital and went into business, instead of pursuing farming as an occupation, they could make dividends upon their capital and profits which would not depend upon their standard of living, but upon the amount of their capital.

Although present wheat crops are more than sufficient to supply the market, and are produced at so low a cost as to keep prices decreasing, there is little doubt but that new fields are necessary in which to institute the future wheat manufacture. The unprecedented growth of cities, while not a serious tax upon the capacity to make wheat by machinery, is making demands upon the land for other products which will drive profitable wheat culture further

and further away, where lands are cheaper and less adapted to other culture.

There are two regions where the future wheat supply of the earth can be manufactured. They are the great plain of Southern Siberia and that of the Canadian Northwest. Only the latter is now available for exploitation. But it is an ample territory—a thousand miles from the Lake of the Woods to Great Slave Lake, with a width of six hundred miles from that line to the foot of the Rocky Mountains. This is a vast, level, natural wheat field, all cleared, ready for the plow. It is as large as Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota, Iowa, Missouri, Kansas, Nebraska and the Dakotas, and is as purely a wheat region as the other is a corn belt. Nothing else can ever be profitably raised there for export. The country is not fit for occupation by individual farmers, because they could not raise enough in four months to support them during eight months of winter, and because isolated homes during such a winter are like caves and dens, fit only for animals which hibernate, and not for human animals.

The way to make wheat in Assiniboia, Alberta, Saskatchewan, Athabaska and the Northwest Territory is for a corporation to organize the industry. From any central point upon the prairie the ground could be most economically cultivated by steam for a distance of about ten miles in every direction. Steam field locomotives travel five miles per hour upon the road, and three miles per hour while ploughing. A square twenty miles each way contains 256,000 acres. To work this area would require about two hundred field locomotives. That number would plough 200,000 acres in thirty days, which probably would be about the time available for ploughing, so as to leave time for other work. All of the machines might never be employed ploughing together. In fall and spring there would be some sixty days in which to plough, and after the harvest and before winter all the ploughing possible would be accomplished.

As soon as spring opened, many of the locomotives would be hitched to seeders, combined cultivators, drills and smoothing harrows, so as to get the seeding done as fast as possible. The process would be kept up until quite late, for, though some of the crop might get frosted, it would still be worth something as cattle feed or to be ploughed into the ground again. Thus would be obtained the greatest crops with the least labor and capital.

With the earliest maturing grain the locomotives would be started again, this time attached to harvesters that take off the heads of the wheat and deliver the grain in sacks upon the ground. The harvest season would be conveniently prolonged by the lengthened seeding season.

After the last day upon which ploughing could be done in the fall, the locomotives could be put on the road to haul the crop to a favorable shipping point. They would be easily adapted to snow roads, and the long winter would suffice to move the whole crop hundreds of miles. The general passenger and freight business of the company would at all times be done by some of the locomotives. Some of these useful, all-around machines would always, but more especially in the winter, be in use as stationary engines, pumping water, sawing wood and timber, hoisting ice and furnishing power generally, and perhaps light and heat.

To run each of the locomotives would require two men, four hundred in all, who would do the principal part of the work. To keep the locomotives supplied with fuel and water, to supply the seeders with seed and take away the grain from the harvesters, would require at least a hundred men and many boys. The men would have to be employed by the year and live with their families upon the farm. Five hundred families would thus be employed.

As supplies would be needed, gardens would be cultivated, in potatoes, peas, beans, strawberries and the other kinds of quick-growing garden crops and small fruits suitable to the latitude. Poultry and stock in abundance

could be kept, so as to furnish liberal supplies of meat, fowl, eggs, butter, cheese and milk. These gardens, pastures and ample hay fields would hardly take up more than the necessary spaces left at the sides and ends of the immense, evenly laid out steam plow lands. Between the last of the seeding and the first of the grain harvest the men would have time to cultivate these crops and harvest the hay for the stock in the winter. In this way the labor force of the little community would be utilized and the great concern be economically self sustained to a very high degree.

But during the long winter there would be a great labor force to be kept employed. The wheat grown would be almost entirely first-class hard wheat, fit to mill into the best of flour without any mixing with other grades. The company might, therefore, build a mill, so as to market its crop as flour, employing its idle hands and much increasing the value of its output. It would probably not run its flour mills during the summer, as it would pay better to invest more capital in mill capacity, rather than have surplus laborers unemployed at any season. Barrels for the flour would also have to be made. Many minor operations subsidiary to the main purpose would, winter and summer, employ all of the members of the families of the laborers who wished to work, so that each family could average two men's earnings of say \$20 per month and found, or about \$500 per year in cash. It would be best to make the price of labor very liberal, because a contented little community would accomplish much more for their employers than would a discontented, uninterested and ignorant lot of laborers. In this manufacture of flour from the ground, labor would be a small factor in the cost, but would need to be thoroughly efficient. The first companies locating wheat-raising plants in the Northwest could get sites on rivers, where they would have water power to run the mill and heat and light it and the hotels. Others would find themselves on a seam of coal, which could be

used for the same purposes. Later ones might have to import fuel as a return freight to their flour. All would at first be far from a railroad. Ultimately each plant would be connected with railroads to Duluth, Chicago, and possibly Churchill on Hudson Bay. All the plants, including the first ones, should be located with reference to the best lines for the railroads and especially for one which should be a straight road from Chicago to Behring Strait, and thus be a link in a great Asiatic-American trunk line to China, India, Russia and Europe.

Capital could be applied to such an enterprise gradually, and only a few locomotives started at first, with a correspondingly small plant, without a mill, so that profits from crops might bear part of the burden. But let us estimate the expense for a complete plant. It would cost about as follows: \$500,000 for storage elevators for wheat and flour; \$500,000 for a mill capable of grinding 3,000,-000 bushels of wheat in eight months, and \$500,000 for agricultural machinery and farm plant, a total of \$1,500,-000. Land located well out in the unorganized territory would probably cost nothing; but if it were deemed advisable to purchase some or all of the tract, to obtain any particular location, \$500,000 would probably be all that need be expended for 256,000 acres. Thus the extreme limit of capital required would be \$2,000,000.

The annual expense account would be \$250,000 in cash for labor, \$500 per family; \$50,000 for additional salaries to about twenty higher-priced men; \$50,000 for supplies impossible to raise, and \$150,000 for keeping up machinery and purchasing operating supplies, in all \$500,-000. Ten per cent upon the capital is \$200,000, making a total of \$700,000. The crop would be fifteen or twenty bushels of wheat per acre on 200,000 acres, or from 3,000,-000 to 4,000,000 bushels. We should have, therefore, 3,000,000 bushels of wheat which could be sold in the shape of flour for \$750,000—twenty-five cents per bushel, making the flour come at a little over a dollar a barrel.

And considering the liberality of all the figures, we may say this plant would be abundantly able to sell flour at Churchill or Winnipeg, and possibly at Duluth and Chicago, at a dollar a barrel. And what a difference there is between dollar flour and dollar wheat! At such a price the retail price of bread should fall to two cents for a pound loaf. Before such prices were reached, however, the capitalists investing in these Northwestern farms would have made enormous fortunes. There is a way in which the farmers now on the southern borders of this great wheat country may change their system to the factory system and retain their hold upon the wheat industry. Recognizing that the age of steam has come, any ten farmers of contiguous quarter sections of good wheat land in Minnesota, Dakota or Manitoba may organize a company, putting in their land and farming plant for what they are worth, and buy an outfit of steam machinery, with one locomotive. This could be accomplished by a mortgage of the company's estate, if it were not so heavily mortgaged as not to leave sufficient equity, and this would be the case very seldom. By a little preparation the company could lay off one thousand acres of its aggregate sixteen hundred acres, and clear them of any obstructions to the steam plow. The plan would be to finally draw the homesteads together at the most available point, removing from the outer sections of land all fences and buildings. The operations of the locomotive and three or four of the ten farmers would then plough, seed, and harvest the wheat field of one thousand acres. There would be a surplus of teams and men, who could put in other appropriate crops and keep up the stock and other interests found upon the combined farms. Surplus horses and horse machinery could be sold or exchanged for what might be more needed under the new order of things. The ten farmers would, the first year, make far more wheat than ever, and a great deal more of other crops on the remaining six hundred acres, while accomplishing much necessary permanent improvement.

With the success of the first ten, others could join the company, so that additional locomotives could be bought and the process continued until the company became of the size I have indicated to be most economically conducted. A corporation so made up by union of farmers would have more diversified crops, to begin with, than the one I have before sketched, but if it were in the true wheat country it would tend to produce only wheat for export, while raising everything possible for home consumption. Such a company could just as certainly prosper making wheat at any prices that are likely to rule in the future, as any company in the Northwest. As the farmers consolidated their interests in such companies, they would find it to their advantage, the same as any other company, to build combined houses and a compact village in the center of the farm, which would wholly change their condition in the direction of improvement. While all the members of such a company of farmers would be employees and receive wages, most of them would be stockholders and receive dividends, and their economic condition and social status would leave nothing to be desired. If the first general movement toward wheat manufacture by steam in the Northwest is thus made by farmers, the settlement of the unoccupied country will probably be accomplished by such companies, rather than by those organized by outside capital, and to many this would seem most desirable. In any event, the steam field locomotive will compel tillers of the soil to live under proper social conditions and not in isolation. I need not dilate upon the fact that intelligent management in either case would result in ideal little communities. I wish to point out that there is room for over a thousand of them of the largest size, such as I have described, in the Northwest. They would contain a population of only 2,500,000, but their possible output of wheat would be 3,000,000,000 bushels, or more than the whole present crop of the world. The effect of the establishment of such a wheat industry in the Northwest would not be

like that of the opening of a similar area to diversified farming. It would rather be like that of the growth of new manufacturing cities of 2,500,000 inhabitants. It would add to the demand for nearly all products except wheat, especially those of southern latitudes. It would immensely increase the volume of commerce and add to the demand for the new products of the vacated wheat fields of the older states.

WILBUR ALDRICH.

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We fully agree with the general feasibility of our correspondent's preference for very large farming with steam machinery and in social communities, as the salient features of future wheat raising and flour production, and the southern third or half of the region described by our correspondent includes much land available for wheat raising on the large farming system he projects. Perhaps it may include a strip from one hundred to three hundred miles wide, from Pembina along the United States boundary line westward to the mountains. We doubt, however, if the line of wheat raising includes the northern half of the territory included by Mr. Aldrich. The London *Times* of February 23, 1894, contains a narrative of the first exploration by the Tyrrell brothers of the country lying between the Athabasca and Mackenzie River basins and the west shore of Hudson Bay, known on maps of the Dominion of Canada as the "barren lands of Canada," which shows that the line of wheat raising must stop at the fifty-fifth parallel at the farthest. The Tyrrell brothers found at the fifty-seventh parallel Lake Dubaunt, covered in mid-summer with ice seven feet thick, and all the hillsides covered with snow. That this is a chronic and uniform condition is shown by the fact that Mitchell's accompaniment to his World's Atlas, a most accurate work published as early as 1843, gives exactly the same phenomenon. It says: "In winter such is the severity of the climate in this region that even in  $57^{\circ}$  the lakes freeze eight feet thick; brandy and mercury congeal; the rocks sometimes

split with a noise like that of the heaviest artillery, scattering the fragments to a great distance. The temperature is capricious and the changes sudden." Mr. Tyrrell says: "In the whole barren lands there is not wood enough to make a boot peg of." The timbered portions of the Canadian Northwest are nearly confined to the Saskatchewan country. Hence, the portion in which fuel for locomotives, on which our correspondent bases so large a part of his argument, would exist, must be extremely small. The *Times* concludes: "Mr. Tyrrell has proved that the barren lands are likely to be of small value to the Dominion." This country, and that adopted by our correspondent as the final home of wheat culture, in part overlap, and in all parts being level are open to identical atmospheric conditions. Hence, we conclude that large wheat farming is more likely to succeed farther south and where there is more fuel.—EDITOR.

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#### Politics and the Saloon.

That the liquor traffic has acquired a malign influence over the politics of our time, will be admitted by all thoughtful observers. This influence is felt not only in municipal affairs, but also in the constitution of State legislatures, the election of governors and United States senators, and it even has a reflex action in presidential contests. The practical problems resulting from the relation of the saloon to politics are treated, on the one hand, from the standpoint of commercial interest, with little regard for the true welfare of society, and on the other, too largely from the standpoint of an ideal morality and impracticable theories of the paternal functions and obligations of the state, without due consideration of the actual facts of human nature, and of social conditions as they now exist.

There has recently been a strong reaction against legal and constitutional prohibition, as indicated by the

reversal of that policy in Rhode Island and Iowa, the relative falling off of the prohibition vote at the last presidential election, and other equally significant facts. If "prohibition doesn't prohibit," neither has high license been successful in effecting a perceptible reduction in the sale and use of intoxicants, or restraining their evil effects in promoting crime and undermining the health and character of those addicted to their habitual use. At the same time, both these methods of attempted legal control introduce the liquor traffic into politics, with all the abhorrent and demoralizing means and methods which the fact implies.

In view of these unquestionable facts, it would appear to the scientific student of sociology and politics that there should be some method of treating this problem which would at once set the seal of public condemnation upon the evils and excesses of the liquor traffic, and remove the subject, with its accompanying demoralizing influences, from the arena of political dispute. A condition precedent to this end would appear to be the practical union of right-thinking people upon some general line of policy in the treatment of this question. A much larger number object to the principle of license, as a governmental sanction to the traffic, than can be found in the ranks of the prohibition party. License, moreover, implies a struggle for the privilege of selling, the possibility of obtaining the privilege as a political favor, and the consequent introduction of the question as a factor in political contests. Unless there is a practical unanimity in favor of absolute prohibition, this also implies political contest, and the massing of the liquor vote in behalf of the party or candidates most favorable to its demands.

Admitting the necessity of restricting and controlling the traffic, in the interest of good morals and public order, and the futility of absolute prohibition, the true policy would appear to be to prescribe restrictions general in their character and prohibitory in principle so far as they go,

leaving to anyone possessing the required qualifications the right to sell intoxicants without license or the possibility of personal or political favoritism. For example, let it be enacted that no liquor shall be sold within a certain distance from any church or school-house; let no one be permitted to sell, either as principal or agent, who is not a male citizen of good moral character, twenty-one years of age; let no intoxicants be sold between the hours of midnight and six o'clock A. M., or on Sunday or legal holidays; let none be sold at any time to minors, or in connection with any other business except the sale of drugs or the furnishing of food in hotels, boarding houses or restaurants. Let the violation of any of these restrictions deprive the offender of the further right to dispense intoxicants either as principal or agent. Within these restrictions let any qualified person embark in this business as he would in any other business, without fear or favor.

For the protection of the community, unless there be some legal or constitutional objection, it might also be provided that a tax should be assessed on all liquor dealers sufficient to raise a fund for the reimbursement of the community for all losses and expenses resulting directly or indirectly from the abuse of intoxicants, crimes and injury to property committed when under their influence. It might be difficult to obtain an accurate estimate of such losses and expenses, but a careful investigation through the courts in successive years would furnish the data for an approximate estimate. The principle involved would seem to be similar to that implied in assessments of private property for local improvements, and therefore justifiable.

It is not claimed that the suggested scheme is a panacea for all the ills resulting from the abuse of intoxicants. Back of all legal restrictions our reliance must be upon the more gradual processes of education and enlightenment, upon improved intellectual, moral and economic conditions for the people. Every means of elevating the

social standard, securing better food, better clothing, better housing of the people, should be adopted. But our present object is to emphasize the political aspects of the problem, and outline a course of action which would tend to remove the saloon influence, with all its deteriorating effects, from political controversy. It is hoped that all interested in the improvement of our politics and our social life will thoughtfully consider the aspects of the problem herein presented, and that such consideration, with the suggestions which will result therefrom, will ultimate in such wise legislation as will relieve our party contests in a not distant future from the incubus of the saloon influence.

LEWIS G. JANES.

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We fully agree with Dr. Janes as to the desirability of taking the saloon out of politics, for we recognize that its political influence is always inimical to the best interests of the country. Saloonkeepers are politicians only because it is to their financial advantage. Seldom do they have views on national, state or municipal questions except as they directly affect their business. We believe that the principle underlying Dr. Janes' suggestion, that anyone conforming to the general rules and regulations of the traffic shall be free to sell liquor, is sound. But we doubt if the restrictions he desires to have thrown around the saloon would be any more successfully enforced than those at present included under high license or prohibition, which he admits are failures. Many of these provisions could not be enforced, for public sentiment does not approve them. Sunday closing has already proved about as much of a failure as entire prohibition, and to attempt to extend the provision to holidays, and to prevent young men buying a glass of beer before they are twenty-one, can hardly be expected to have any better success. Whatever restrictions are applied should be few, simple, definite and rigidly enforced. The maximum freedom, even in rum, is better than cumbersome unenforceable restrictions.

## Editorial Crucible.

STOCKS REVIVE in Wall Street, and business tends to resume its wonted course, with every hopeful sign that probably no change will be made in the tariff at this session of Congress.

THE New York *Sun* of Sunday, March 18th, published a two-column communication from Mr. C. Wood Davis, in reply to our article on "The Delusion about Prices," in the February issue. The facts and arguments of Mr. Davis will receive attention in the next number.

"PROMISES REPUDIATED and insolently ignored, democracy trampled under foot, responsibility shirked, lying and cowardly evasion substituted for the unqualified declaration of a few months ago, American sentiment outraged and defied, personal whims and personal spite made the party's law; here we have in forty words the history of the first year of the Democratic administration, that began with golden prospects."—*New York Sun*.

SPEAKING OF the recent Pennsylvania election, the New York *Evening Post* remarks: "Everything indicates that many thousands of Democrats are so much disgusted with the record of their party to-day, that they went to the polls and voted for the Republican candidate, while many thousands more refrained from voting altogether." For once we entirely agree with the *Post*, but it appears to forget that the administration, in committing an unbroken series of blunders, has been following, step by step, the advice of the *Evening Post*. All the foolish things Cleveland has recommended, or the congressional majority has done or tried to do, have either been suggested by the *Post* or received its indorsement.

THE New York *Herald* is of the opinion that the Democratic party is losing popularity because the Wilson bill is too mild, and says: "If an election were held now the Democrats would all be swept from power by a tidal wave of public indignation such as the whole country has not seen for twenty years. The people," it continues, "are disgusted with the failure of the party to keep its pledge to revise the tariff. They have been injured, wronged and betrayed, and for these grievances they will mete out the penalty at the polls." For downright woodenheadedness this excels even the administration itself. "Though thou shouldest bray a fool in a mortar, . . . yet will not his foolishness depart from him." Prov. xxvii, 22.

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NO WILSON BILL! no Senate tariff bill! no throne for Liliuokalani! no coinage of the silver seigniorage or of any other vacuum! no purchases of congressmen's votes for financial depression with presidential patronage! no transfer of Democratic shotguns from the South to Brooklyn, Troy and Detroit, now that the law for securing purity and peace at federal elections is repealed! no objections to any amount of gunning for geese in the Dismal Swamp! no criticism on hieing to Hog Island for rest from laborious and mischievous work! no plaints against trips in Benedict's yacht to Buzzard's Bay to troll for bluefish, provided no points are put up on sugar, whiskey trust or wool! no interference with the President making all the money he can out of this term, for it ought to be of some service to somebody!

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THE SICK patient, silver, still lies very low and in a typhoid condition. But sparks of hope revive amid the embers of despair. The German government proposes the coinage of 2,000,000 more of marks. The quantity is small, but as a straw it points the turning in the current. A new bimetallic association has formed in New England which possesses some of the strength of the Back Bay, and

Mr. Charles Francis Adams declares that he renounces gold monometalism and wants the two metals. None of these new converts to bimetallism explain why prices should fall, by reason of any restriction on the freedom to coin silver, when the world's *actual coinage* of silver during twenty years past is fully \$1,300,000,000, and amounts to a very great inflation in the volume of the world's total coinage. Will some silverite explain why prices do not rise?

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IN A LEADING EDITORIAL the New York *Sun* bemoans the fact that the people of Lexington, Kentucky, are preparing to give Colonel Breckenridge "a rousing reception and banquet" when he returns, regardless of the legal decision in the scandal. After narrating some of the most disgraceful features of the case, it says: "If he has friends in Lexington who are prepared to receive him with distinguished honor, and if it be true that the revelation of these indisputable facts will not prevent his renomination to Congress, the moral tone and standard of that part of Kentucky must be hopelessly low. . . . They will practically announce that, in their view, moral baseness deserves honorable distinction and not indignant condemnation." The *Sun's* indignation is wholesome and encouraging. But why so much surprise? If Mr. Cleveland could be three times nominated, and twice elected to the Presidency, why should not Colonel Breckenridge be honored by his neighbors and re-elected to Congress?

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THE RESOLUTION recently introduced into the United States Senate by Senator Cullom of Illinois, providing for a permanent commission to adjust the tariff duties on the basis of the difference in the labor cost here and abroad, is a great step in advance. This would take the tariff regulation out of politics. If this could be done, there would then be real ground for believing that the tariff question would be decided upon its economic merits. So long as it

is a matter of party banter, there is little hope of its discussion being governed by economic considerations. It is obvious to everybody that the greater part of what is now being said and written upon the subject is only inspired by political partisan interests. If Senator Cullom's resolution should prevail, and the tariff question be transferred from the hustings to the non-partisan commission, with instructions to adjust the tariff to the difference of the labor cost here and in those countries seeking admission to our market, the question would be in a fair way of permanent economic solution, and that without inflicting irreparable damage upon our national prosperity.

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IT IS CREDITABLE to the *New York Times* that it did not try to claim any honor for the Democratic victory in Troy. It vigorously denounces the Troy performances as a second Gravesend carried to its logical conclusion. Murphy methods led to the murder of a Republican watcher because the case seemed desperate. It is not assumed that these plug-uglies commit murder on all occasions, but only when the occasion requires it as a necessity to suppress intelligent voting. In Gravesend it appeared only necessary for McKane to have election officers arrested, and the injunctions of the court ruthlessly set aside, until the election was over. But in Troy, as is frequently the case in southern states, more caustic methods seem necessary, in the judgment of Murphy's men; so rather than have their repeating methods thwarted, they committed murder in real southern fashion. To this end are election laws repealed in pretense of promoting free voting. Outside of Troy, however, where the McKane-Murphy-Kuklux methods did not prevail, the elections throughout New York state were one series of condemnations of the present administration policy; another mandate against the Wilson bill.

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THE FIRST ISSUE of the *American Federationist* has just come to hand. It is the official monthly publication of the

American Federation of Labor, edited by President Gompers. We extend to the *Federationist* a cordial welcome and promise it our hearty co-operation. The *American Federationist* stands for the trades union movement of America. It has none of the flabby pessimism and irrational egotism that characterize much of the literature published in the name of labor. It neither shakes the red flag nor screams for the overthrow of society and the reversal of existing institutions. It does not deny the progress of the past nor indulge in silly talk about laborers being worse off than formerly. But on the contrary, the *Federationist* recognizes the progress that has been made, and properly attributes much of it to the steady work of labor organizations. It makes the progress that has already been made the basis of hopeful effort for still more improvement in the future. Nor does it clamor for government ownership of railroads and factories, but contends for an increasing share of the products of civilization for wage receivers, not in the form of benevolent redistribution, but in shorter hours, higher wages, lower prices and better social conditions. We again welcome the *American Federationist* as a needed worker in a neglected vineyard.

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THE OPPOSITION of Macy & Co., Simpson, Crawford & Simpson, Lord & Taylor, O'Neill, Ehrich Bros., Ridley & Son, Hilton & Hughes, Le Boutillier, Cammeyer & Co., Rogers, Peet & Co., Abraham & Strauss and other prominent New York merchants to the bill now before the legislature asking for the restriction of labor of women and children in mercantile establishments, shows how little interest these typical American merchants really have in the welfare of the laboring class. Strauss Bros. make a great parade of their distribution of charity, and Rogers, Peet & Co. advertise their profit-sharing, but will go to the legislature to prevent women and children from securing a ten-hour work-day. In despot fashion they work people to the point of exhaustion, and then try to purchase the

public good will by alms-giving. Away with such feudalistic chicanery! The time is past when such patronizing cant will be accepted as atonement for economic oppression. What people want are short hours, human conditions of labor and the social opportunities for improvement, not charity. No wonder that socialism is on the increase! Long hours, low wages and charity are the real conditions that create socialism and anarchy, and yet the heads of two of these firms have just been elected to Congress! Their lawyers used the same arguments that were upheld in England in 1819 and 1825, having learned nothing from the economic experience of the last seventy years.

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IT LOOKS AS though the maxim, "Be sure your sins will find you out," were to be realized by Mr. Carnegie. The evil consequences of his relation to the Homestead strike are coming home to him in many forms. First of all, in removing him, perhaps forever, from the respect and confidence of the American people. He may build libraries, inscribe his name on his music halls, announce from the house-top his liberal contributions to charity, converse and write socialistically about the evils of large fortunes, but all this does not even dim the crimson hue of his Homestead crime against labor and society. He will have to show many acts meet for repentance, before the American public will again place much confidence in the sincerity of his utterances or his pretended interest in popular improvements. He triumphed over the laborers, but in reality he suffered an everlasting defeat. Instead of being a model, prosperous, industrial town, adding honor and fame to the name of Carnegie, Homestead, from that time on, has been the center of mutual intrigue, strife and dishonor; a discredit to the nation and a disgrace to the name of Carnegie. It now appears that he has been supplying the government with inferior products, for which his firm has been fined \$140,489.91, from which his sudden and seeming indorsement of the Wilson bill failed to save him. Now, as a last

explanation, we are told that the delivery of the imperfect goods to the government was the result of a conspiracy among his own workmen. If true, this only shows that he has so destroyed the confidence of everybody around him that even the integrity of his industrial products can no longer be relied upon.

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THE AGGREGATE population which will be added to the city of New York, if the communities interested in it shall vote for the addition on the sixth day of November next, will be 1,164,053, according to the census of 1890. This will make the entire population of the metropolis 2,965,792 by a census four years old. Its area would be 317 square miles. The population of London within "the tables of mortality" was in 1886, 4,160,000, and its area 122 square miles. The interstate difficulties in the way of including also the suburbs of New York located in New Jersey have prevented the proposition from being broad enough to embrace the whole of our actual suburbs. These would cover Jersey City (180,000), Newark (180,000), Paterson (about 100,000), the Oranges, the Montclairs, Hackensack and some twenty intermediate towns, which would with those named verge closely on 600,000 people. This, with the ordinary rate of increase, would probably carry the city, by 1895, up to a population slightly below that of London. Among the economic effects of such a consolidation would doubtless be that it would facilitate the work of connecting the various portions of the greater city by bridges, of bringing the park system of all these cities into unity by boulevards, of giving superior crosstown and quick transit routes, and improving the ferries, markets and public buildings. Although there are reasons to believe it would at least temporarily raise the tax rate in New York City, it seems to be generally thought that the influence of the largest tax-payers of the city will be given in its favor. Brooklyn will have her tax rate greatly lowered, and it seems probable that her vote will be more heavily in its favor than that of any other section.

## The Editor's Drawer.

This department is devoted to answering questions of fact or theory. Although we do not regard ourselves equipped to answer all questions that may be asked, we shall willingly give whatever information we possess, provided the inquiries are made in good faith; to guarantee this, we ask that all communications be accompanied by the full name and address of the writer. Correspondents complying with this condition may be assured that their communications will receive attention, and if they are not answered in the next issue, they may assume that it is either through want of space, or that time is needed to get accurate information. Anonymous communications will receive only waste-basket attention.

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18. C. W. L., University of Wisconsin. (1) Are the immigrants of to-day assimilated as easily as those of fifteen years ago? (2) In view of the practical exhaustion of our arable lands of the West, is there any demand for development which the natural increase of population cannot supply?

Ans. (1) If by assimilated is meant to become a harmonious part of American society in the spirit of our existing political and industrial institutions, we answer, no. During the last fifteen years the quality of immigrants has perceptibly deteriorated. Being drawn from the most poverty-stricken parts of Europe, they have a lower social standard, and are less in touch with the democratic spirit of political and social institutions. An evidence of this is shown by the increasing proportion of socialists and anarchists among this class. Instead of assimilating with and strengthening American institutions, they tend to make it necessary to introduce more of the despotic element into our institutions. Indeed, this could not be otherwise, as certain degrees of poverty and its accompanying ignorance can only be governed by despotism. Wealth and intelligence, as indicated in a high standard of living, alone can sustain truly democratic institutions. (2) There is no need of encouraging immigration for the development of our agricultural resources. We have agricultural industries enough. What we want is a greater development of manufacture and commerce. Agricultural industries should only grow with the needs of a nation. To become domi-

nantly an agricultural nation would be a setback of national progress.

19. Mechanic. Will you kindly state what is legal tender money in the United States?

Ans. Gold coins and silver dollars.

United States notes, known as greenbacks, are legal tender for all debts, public and private, except duties on imports and interest on public debt. "Treasury notes," issued under the Sherman act (July 14, 1890) in exchange for the 4,500,000 ounces of silver purchased each month, are legal tender except when otherwise expressly stipulated by contract. National bank notes and gold and silver certificates are receivable by and from the government, but are not legal tender between individuals. Smaller silver coins are legal tender to the amount of \$10 (act of June 9, 1879), and minor coins only to the amount of 25 cents (act of February 12, 1873, revised statutes, section 3587).

20. Mr. J. F. Orton calls our attention to the fact that, according to the statistics in Gunton's "Wealth and Progress" and the "Economic Heresies of Henry George," the ratio of rent to the product, generally in England, declined from 23 per cent in 1688 to 10.95 per cent in 1882, and that the ratio of agricultural rent to the product had fallen in the same time from 45 per cent to 21.48 per cent. Deducting the agricultural rent from the total rent, and the agricultural product from the total product, he finds that the ratio of non-agricultural rent to non-agricultural product has risen from 2.03 per cent of the product in 1688 to 7.09 per cent in 1882, thus indicating that the ratio of non-agricultural rent to product is increasing, while the ratio of agricultural rent to product is declining.

Ans. There is one fact in the non-agricultural rent which Mr. Orton has evidently overlooked. It is that by his method he includes all house rent, which is a part of the standard of living of the people, and affects production in the form of wages and not as rent at all. In 1688 the per capita value of laborers' houses was not a tenth of what it is to-day. "Since 1840," says Mulhall, "the value of house property has risen 150 per cent per capita." If house rent were deducted from non-agricultural rent in the statistics, as it is from agricultural, the declining proportion of rent to product would probably be greater than it is in agriculture.

## Among the Books.

*An Introduction to the Study of Political Economy.* By LUIGI COSSA. Translated by Louis Dyer, M.A. London and New York: MacMillan & Co. 1893. pp. 587.

Prof. Cossa's work could not have been more completely misnamed than to call it an introduction to the study of political economy. In any sense in which the word "introduction" is in use in the United States, it comes no nearer being an introduction than does Webster's dictionary to being an introduction to the study of the English language.

It aims to be a thesaurus of the bibliography of political economy, a complete guide to the sources of information on the science of economics, so far as such sources are to be found in the works of technical writers upon political economy. Works professedly on political economy contain a very small part of the information essential to any political economist. Indeed, nearly every political economist regards the greater part of the works which have preceded his own as so loaded down with false interpretations and weak theories that they seem to him chiefly useful as furnishing him with rocks of error to blast and remove by the dynamite of his critical logic. There is always a constructive purpose to erect upon their site some part of the fair ideal edifice of economic science. But each economist works upon a plan slightly different from every other. The natural effect is that the progress of the edifice is remarkably like that of the alleged tower of Babel. Its summit might pierce the heavens if only its workmen could understand each other's speech. It will be a source of inexpressible rejoicing to thousands to know that Cossa says of Prof. Patten, "As a writer his style is faultlessly clear." It was exactly upon that point that they felt the need of Cossa's assurance.

Prof. Cossa mentions Alexander Hamilton only to say that "he nowhere countenances protection for protection's sake," his position on this last point being nearly that now occupied by fair traders. No writer who charges any economist with "countenancing protection for protection's sake," either comprehends what protection is or is willing that his readers shall do so. Whatever he may be as to other questions, on the protectionist issue he substitutes

his personal fiction or counterfeit in lieu of the protective doctrine. No protectionist can "countenance" protection. The word "countenance" is only applicable to the brazen indorsement of something disreputable. There is nothing disreputable about protection, and therefore nothing which any protectionist can countenance, any more than a gentleman can "countenance" his mother. In the diseased imagination of a hyper-fervid free trader only, could such an error of language occur. A protectionist advocates some duties for revenue, and others for protection, but it is not courteous to speak of anyone advocating "protection for protection's sake." It is as absurd as "business for business' sake," or "trade for trade's sake."

Prof. Cossa shows that there is good reason for his failure to speak courteously of protection. He discloses, involuntarily, the fact that leading protectionists' works are not known to him. Sir Archibald Alison's essays on protection and indirect taxation were esteemed by so high a protectionist authority as Henry C. Carey, as standing at the very head of all protectionist literature. Indeed, they were a chief source whence he drew his own inspiration. But Prof. Cossa alludes to Alison (p. 339) as having written a work on "Free Trade and Protection (1842) in opposition to Byles' Sophisms of Free Trade," thereby classing one of Europe's foremost protectionist economists as a free trader. Mr. Cossa shares the contempt of free-trade writers generally for protectionist thinkers. His error in classing Alison as a "mercantilist" is not less than in ranging him as a free trader. The leading creed of the mercantilists is to accumulate gold and silver within a country. The leading monetary principle for which Alison contended was to dispense with gold and silver by substituting for it a credit currency of bank notes redeemable in coin.

In many respects Cossa has made a valuable *vade mecum* for the guidance of students. Its value lies in its methods, which, being that of a thesaurus of economic writers, should be naturally a semi-biographic history of the evolution of political economy. Unfortunately, the limitations on Professor Cossa's capacity of insight and sympathy confine him to such parts of economic thought as he is himself in touch with. These are virtually free trade, socialism, and the recent monographs of the younger school of specialist investigators on narrow lines. He is a

diligent "snapper-up of unconsidered trifles," as well as a minute browser among unread authors. He omits, however, Daniel Defoe, who wrote at least four works upon economic theory before writing Robinson Crusoe, which last is really the most powerful and widely-read economic work ever written by man. It teaches that when population is reduced to one, its support against want becomes a thrilling romance, full of absorbing interest because so difficult. Mr. Cossa has apparently no stomach for banking, currency, the functions of taxation, credit systems, labor questions, or any other of the strong meat of economic doctrine.

As a specimen of Prof. Cossa's treatment we select a single sentence, an excellent sample of a style in which neither history nor political economy can be written. He says (p. 62): "Daniel Webster, for instance, began as a free trader, but his opponent being Calhoun, who shifted from the side of protection to that of free trade, no duty was plainer for Webster than to take up with protection, which he instantly did." Webster was not controlled in his economic views by a single desire to antagonize Calhoun. Such a judgment is fantastic. The worst line in Webster's speeches rises easily superior to the best line in Cossa's book.

Even when Cossa approaches the great masters of national economy and unity in Italy, Mazzini and Count Cavour, it is to indicate that under their influence pure economic science underwent a temporary and regrettable eclipse. But when, under the hand of inferior statesmen, Italy came to drift toward ruin as it is now doing, Cossa is delighted that the pure light of economic science shines out with marvelous beauty. Thus in Italy, as in America, good health in the economic state lasts only during the period of open defiance of economic laws. But when the patient is passing into dropsy and heart failure, it is deemed a triumph of pure science. Death is its supreme vindication.

The merit of Cossa's book is that biographical treatment which, so far as it is adequate and accurate, is superb. It has been found the only one in writing the history of philosophy. It gives personal interest to every page. It relieves the disconnection and tedium of all histories of the evolution of doctrines. Cossa's merely literary perceptions are of the highest order. Many of his analyses of phases of economics dialectics are as crisp and juicy as they are

light and even "frisky." Throughout his work he plays with economic doctrine like a sportsman with his gun, like a drum major with his baton. He finds nothing to be serious about, because he discovers nothing that has value. He touches lightly everywhere. One who has found any stable ground in economic science surveys him as a passenger in an Atlantic steamer looks out, at sea, on a butterfly in mid-ocean. He wonders that a voyager so graceful and so frail can go so far, on wings so light, and while finding nothing can neither pause nor perish.

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*History of the Philosophy of History.* By ROBERT FLINT.  
Charles Scribner's Sons, New York. 1894. pp. 706.

This is not an effort, like those of Hegel, Buckle, Draper, and Spencer, to deduce a law of the evolution of historical events, whereby all that happens in human history can seem to be strung upon one unvarying thread of causation or sequence. It is teleological, metaphysical, and christian. Its author speaks for the University of Edinburgh. It is liberal in tone, chiefly in elevating Moslem, Chinese, and Hindoo historical literature, with the first of which the author has a familiarity that is rare, to an equality with the literature of Europe, so far as it will bear a treatment so vigorous. It analyzes the various authors who have sought to define a theory of human progress, in a manner always critical and acute, and generally destructive. Thus Hegel and Fourier are alike relegated to the limbo of partial insanity. His crucial thought concerning the positiveness of Comte may be inferred from the following (p. 642): "Whatever a multitude of superficial scientists may suppose to the contrary, the fact is, that the entire procedure of science and philosophy, in so far as it is simply a generalization of science, is assumptive and dogmatic. At bottom, science, which is so often contrasted with and opposed to faith, is mere faith, and in the view of serious and consistent skepticism must be blind faith."

The whole work may be regarded as a survey of the history of thought, tending toward the above as its conclusion. In its summary (p. 684) of the views of M. Laurent it evidently incloses in a nutshell those of Dr. Flint. He says:

"In Bossuet he sees only an advocate of the miraculous government of Providence; in Vico of ancient fatalism;

in Voltaire and Frederick II of chance; in Montesquieu of the fatalism of climate; in Herder of that of nature; in Renan of that of race; in Thiers of revolutionary fatalism; in Hegel of pantheistic fatalism; in Comte of positivist fatalism, and in Buckle of the fatalism of general laws. He regards them only, in other words, as the teachers of false and mischievous doctrines, and as such he assails them earnestly and indignantly. In doing so, he seems to me to have made a most valuable contribution, not only to historical philosophy but also to natural theology—to have successfully shown, what professed natural theologians have so strongly overlooked, that not less than the heavens and the earth—nay, that much more than either, does history declare the glory of God."

Dr. Flint's work may be defined as a Presbyterian view of history, leaning toward the new school or "higher criticism" order. So long only as material facts or secondary sequences are under consideration, Dr. Flint is a critical fact hunter, who raps every stone with his trowel and tests every pretense of truth by its intrinsic probabilities and exterior proofs. When a theological conception is ventilated, Dr. Flint bobs out of his laboratory into the temple of the oracle, and from depths that are inaccessible, but indisputable, announces the divine thought and absolute truth on that question. By far the most satisfactory portion of the present volume is the introductory survey. The best feature in this is its opening analysis of the necessity of applying the one term history both to the events narrated and to the narrative. There will be many whom the author's supernaturalism and teleology will attract. To others it will seem to be unhistoric and unphilosophic.

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*Outlines of Economics.* By RICHARD T. ELY, Ph.D., LL.D. Meadville, Pa.: Flood & Vincent. 1893. pp. 347.

This work has been so far aided by Mr. H. H. Powers in its preparation that Dr. Ely in his preface acknowledges it to be a joint product. It is nearly as brief as could be desired. We do not discover that it states any doctrine whatever as to the cause of the rate of wages; whether it is the cost of the laborer as an agent in production, or his standard of living or that of the community in which he resides, or a division of the value he produces. Many of

its statements of economic theory are flabby and not true. Thus it says (p. 167):

"It is not the individual who maintains the institution of private property, or modifies it by conscious effort, but the state. Now the question of private fortune depends primarily upon the action of the state regarding private property."

All this could not be more erroneous. Each individual maintains private property to the utmost of his private strength and ability, and is generally willing to fight for it before calling in the state. If his private property is sought to be taken at night, or by downright force, he often kills the aggressor. If, after exhausting his own efforts, he needs help, he calls in the state. But the action of the state is secondary to, and is only set in motion by, the individual.

Again, it teaches (p. 304), "Public industry in the monopolistic, and private industry in the competitive, field seems to be the only feasible or natural law." This also is error. No department of values is more "monopolistic" than land and railways. Dr. Ely may believe that both can better be owned and run by the government than otherwise. He teaches this as to railways plainly (p. 304), and leans toward government ownership of the land (pp. 305, 268). Such doctrines approach more nearly to socialism and social revolution than to political economy.

Dr. Ely also teaches that the means of corporations for distributing dividends are increased by the watered stock they issue, and that in this way gas companies can recoup their wasted capitals by raising prices on consumers. He also regards profit as a charge that can be added to cost. None of these propositions are sound. They are socialistic and pernicious.

Most pupils in political economy in schools are still in that age of faith and receptivity which will accept fixed conclusions put in dogmatic form more readily than the debatable arguments on which they rest. But for this very reason it is important that the supposed "fixed conclusions" which are presented as the teachings of economic science should be those which have some sanction in the experience of government, the good opinion of statesmen and the practice of mankind. An elementary work which unhesitatingly tells a boy of sixteen or eighteen that it would cost the United States nothing to own its

railways, as it could borrow the money to buy them with at three per cent, and the railways would earn six, even though it states this with an "if," is altogether too brash and flabby. No one supposes that if the United States were to attempt to borrow a sum so large as the price of the railways (\$10,000,000,000) it could then borrow at three per cent. It would be exceedingly doubtful if it could get bonds to this amount carried even at six, perhaps not at ten, or at any rate whatever. The whole proposition lies outside the domain of practical finance, and belongs to the "looking forward" single tax school of millenial dreamers. If Dr. Ely desired to instruct youth in the economic aspects of government ownership, he should have told them that the purchase of the telegraph system by Great Britain was an experiment which had failed. It was only one two-hundredth part as large an affair as the purchase of American railways would be. It immediately converted profitable private enterprises into losing public enterprises. An American experiment with railways would certainly bankrupt the government and might seriously injure our railway system.

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*The First Stages of the Tariff Policy of the United States.* By WILLIAM HILL, A. M. Publications of the American Economic Association. November, 1893. pp. 162.

A gratifying evidence of the scientific spirit of the younger and rising school of American economists is this recently published study of one of the instructors in the University of Chicago. It traces the evolution of the American tariff policy back to its germs in the tariff policies of each of the thirteen colonies. The tendencies of the colonists to make the regulation of commerce and the encouragement of manufactures superior in importance to revenue are impartially brought out. The conflict in the minds of Madison, Franklin and Jefferson between their basic theories of the desirability of commercial freedom and their practical sense, as American legislators, of the necessity of using the revenue-raising power for protective objects, is better presented than it has ever before been, if indeed this phase of the work is not practically new. It shows clearly that protection to domestic industries, and the regulation of domestic and foreign trade, and not "revenue only," nor chiefly, was the leading motive in causing the federal constitution to be adopted. Discrimi-

nating duties designed to protect the colonial carrying trade had formed a prominent feature in colonial agitation and legislation. Their function was renewed and emphasized in the first tariff of 1789, and in its successors until 1816. Professor Hill places the protectionist quality of the tariff of 1789 beyond dispute. In this respect this essay forms a useful antidote to the captious errors and one-sided dogmatism which so seriously impair the worth of Professor Sumner's brief "History of Protection," and in a less degree of Professor H. C. Adams' more candid "History of Taxation in the United States." The absurd dogma that "protection is unconstitutional" is met, in this book, by the clearly exhibited fact that the constitution was expressly adopted as a means to secure the regulation of commerce by tariff protection, and that no doubt or difference was felt on this point on the part of even one person out of all who participated in its adoption. Mr. Hill's work is the latest received of the publications of the American Economic Association.

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*Factors in American Civilization: Studies in Applied Sociology.*  
New York: D. Appleton & Co. pp. 417.

This book contains the lectures and discussions given before the Brooklyn Ethical Association during the season of 1892-3. Each lecture is quite distinct in itself, so that they do not form a connected treatise. The intention of the founders of the association was to have the lecturers apply the principles of evolution to the problems of which they treated, but, although some are quite full of this spirit, others are apparently but little affected by it. It would not be fair, therefore, to hold the great developers of the idea of evolution responsible for much that is here presented. Nevertheless for those people, an ever-increasing number, interested in social problems and their solution, the book will be interesting and suggestive, and many times really and truly helpful. Study will lead to a discrimination between the wheat and the chaff. The association does good work in arranging for these discussions before public audiences, and a better in having the results published for popular perusal. If every city could have as earnest and sincere presentation of these subjects, it would not be long before a purer, nobler, and withal a more scientific spirit would be manifest in social affairs.

## Economics in the Magazines.

Under this head we only call attention to the articles, in the current magazines, on social and economic questions, giving the point of view or method of treatment and other items that will serve as a guide for readers and students.

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BANKS.—*The Banks and the Panic of 1893*, by A. D. Noyes, in *Political Science Quarterly* for March, 1894. A review in detail of the superficial and exterior phenomena of the panic, from the standpoint of a banker only, without entering into either industrial, political, or monetary causes, either local or general.

CAPITAL.—*The Combination of Capital*, by President E. Benjamin Andrews, of Brown University, in *International Journal of Ethics* for April. A vague discussion, entirely unintelligible to a clear thinker, through the frequent use of terms that box the whole compass of economic contradictions, logical opposites and social repugnancies in a single phrase. Thus he says "the combine is the brother of the protective tariff and not its child." Highly instructive? But suppose several persons combine to found a university, might not the "combine" in that case be a nephew to the Wilson bill or uncle to the Option bill, instead of brother to the tariff?

COMMUNISM.—*The Decline of Tolstoi's Philosophy*, by Victor Yarros in *The Chatauquan* for March, 1894. More ethical than economic.

FREE TRADE.—*Prospects of Free Trade in the United States*, by Chauncey M. Depew, in *Nineteenth Century* for February, 1894. Mr. Depew thinks "a miracle can scarcely pass a measure which would materially alter the present law, and only a miracle can prevent the return of the protectionists to power." An acute article from the standpoint of clear perception and sound judgment.

LABOR.—*European Bureaus of Labor Statistics*, by E. R. L. Gould, in *Yale Review* for February. Written from the standpoint of close familiarity with the work of the European bureaus.

LABOR.—*English Labor in and out of Parliament in 1893*, by Edward Porrit, in *Yale Review* for February. Shows the degree in which labor legislation is coming to the front.

LABOR.—*The Workingmen's Colonies of Germany*, by

Emily M. Burbank, in *The Chataquan* for March. Sketching a most interesting history of the new German mode of organizing the unemployed into home colonies and providing them with work and subsistence in a sort of phalanstery.

LABOR.—*The Political Future of Labor*, by T. R. Threlfall (Secretary to Labor Electoral Association), in *Nineteenth Century* for February. An argument that wage-workers should elect to Parliament outside the party caucuses.

LABOR.—*Village Life in England*, by the Countess of Malmesbury. Good sketch of wage conditions among English farm laborers.

LABOR.—*Labor Politics in a New Place*, by Edward Porritt in *North American Review* for March. Arguments that labor leaders should seek election to municipal councils.

LABOR.—*Work for the Workless*, by Arthur Withy, in *The Westminster Review* for March, 1894. An argument for the single tax, which asserts that all accumulated fortunes are only "the capitalized value of the power of confiscation," and that "all rates and taxes are now levied on labor and labor products."

LAND LAWS.—*The Land Laws of New Zealand*, by Edward Reeves, in *The Westminster Review* for March, 1894. Showing effects on cultivation, population and production, of a system of legal encouragement to small free holds and small lease holds since 1872, compared with previous period of free trade in land.

LOCAL FINANCE.—*British Local Finance*, by G. H. Blundin, in *Political Science Quarterly* for March, 1894. Considers rates and their modes of expenditure.

LOCAL GOVERNMENT.—*The Revolt Against Feudalism in England*, by Edward Porritt, in *Political Science Quarterly* for March, 1894. Considers from the standpoint of a theoretical labor politician the effects on local government in England of the acts enlarging the political power of the working classes from 1832 to date.

MARKETS.—*Western Nations and Eastern Markets*, by Holt S. Hallett, in *Nineteenth Century* for March. An English view of commercial effects on English trade from French aggression in Siam.

PANICS.—*The Cause of Financial Panics*, by J. W. Bennett, in *The Arena* for March. An argument that rents

and interest cause panics, and that interest is too high for the actual earning value of property. Stale, flat and false, but may stimulate those who have read nothing whatever to read a little.

PROFIT.—*Profit of Manufactures. Mr. Wilson and the Wool Manufacturers*, by S. N. D. North, in *Wool Manufacturers' Bulletin* for March, 1894. An argument that rise of prices under a tariff all goes to labor, as manufacturers get only the average profits of capital, in business protected from foreign competition by operation of natural causes.

RAILWAYS.—*Railway Development in England and America*, by J. Stephen Jeans, in *The Fortnightly Review* for March. An interesting and valuable discussion by the secretary of the British Iron and Steel Association.

SHIPS.—*A Present Chance for American Shipping*, by the United States Commissioner of Navigation, in *North American Review* for March. A plea for enabling foreign-built vessels to register as American.

SOCIAL.—*The Impending Revolution*, by Prof. Goldwin Smith, in *Nineteenth Century* for February. A conservative argument from the standpoint of one who believes that England is rushing toward social chaos.

SOCIALISM.—*Fabian Economics*, by W. H. Mallock, in *The Fortnightly Review* for March. Mr. Mallock holds that the post office, free education and other forms of social progress usually claimed by socialists to be installments of a coming socialism are all outgrowths of individualism.

TARIFF.—*Home Industries and the Wilson Bill*, by presidents of Chambers of Commerce of New York, Boston, New Orleans, and San Francisco, in *North American Review* for March. Only one approves the bill.

TAXATION.—*A Poor Man's Budget*, by W. M. J. Williams, in *The Fortnightly Review* for March. An argument that both direct and indirect taxation in England are paid by the laboring class.

USURY.—*Ecclesiastical Treatment of Usury*, by Henry C. Lea, *Yale Review* for February. An exhaustive history of the change in Catholic doctrine concerning interest.

VILLAGE.—*The Village in India*, by W. J. Ashley, in *Political Science Quarterly* for March, 1894. Holds that the peasant or ryot status in India is "tribal" and not "village."

WAGES.—*Wages Under the Several Tariffs (1848-1893). Wool Manufacturers' Bulletin* for March, 1894.

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# SOCIAL ECONOMIST

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GEORGE GUNTON, EDITOR.

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No. 5

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# SOCIAL ECONOMIST

MAY, 1894

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## The Search for New Markets.

There appears to be a growing tendency among public speakers and writers to assume that industrial expansion must all be sought in the acquisition of foreign markets. Hence, the increase of foreign trade is coming to be regarded as the test of high statesmanship. Those who advocate this policy seem to overlook the fact that foreign markets, as well as home markets, do but represent the aggregate consumption of wealth by the people of the respective countries. They assert that we can only sell to those from whom we buy. Hence, if we sell to foreign countries we must in turn buy from foreign countries. In truth, five-sixths of our purchases are from countries to which we make only one-sixth of our sales. We sell much to England, France and Germany, and buy only a third as much from them. We buy from the Indies, China and South America often five times more than we sell to the same countries. This struggle for the conquest of foreign markets consists not so much in creating new markets or even expanding existing markets as in capturing them from others. Those markets are the most susceptible of expansion and actual increase where the existing standard of living is highest, because the diversification of social tastes and demand for entirely new classes of products are greatest. All such increased demand is a net gain to the actual market of the world, and hence their acquisition for development does not dispossess other producers.

The greatest opportunities in the world, therefore, for larger markets lie in the expansion of our home demands, and not in the capturing of the more meagre markets of

other countries. First, because every enlargement of our home market is a gain, without involving a loss by industrial disturbance anywhere else. Second, because every advance so accomplished involves an actual improvement in the social life of the masses commensurate with the expansion of industrial opportunities for the capitalist classes; and third, because a ten per cent increased purchasing power of the American people could be more easily accomplished than any similar increase of markets by the barbaric method of stealing them from somebody else.

Men have believed that the struggle for existence tends by its own inevitable law to crowd the masses of mankind close to the margin of subsistence. They believe that wages tend to a minimum by reason of the constantly increasing pressure on the means of life. But history teaches us a different and more cheerful lesson. It teaches us that wages tend to rise with the increase of population, with the increase of machinery, with the increase of pressure on the means of subsistence, and with the increase of general progress.

These questions are going to the roots of modern life and of the whole theory of the method of progress. The real answer to the question is, that wages can and must tend upward constantly, because the profits of business can increase only as people become able to buy goods. Every increase in the volume of business enlarges the possibility of profits and lays the foundation for a still further increase of wages. This process brings with it a constant improvement in machinery, which reduces the cost of production as rapidly as competition distributes profits in higher wages and lower prices. This improvement in machinery therefore sustains and supports the movement for higher wages and larger profits by enabling producers to take lower prices, and the whole combined movement logically and necessarily results in the very phenomenon which our society presents to-day.

The cause of the whole modern movement, then, is seen to be general rising wages, which, obtained, set all the wheels of industry in active and productive motion. Employers who were resisting reasonable demands for more wages were acting against their own interest as well as that of the community; workmen who demanded more were acting for the good of everybody, their employers included; and the reason why the strike could keep succeeding and why the lock-out could turn in favor of the men in a preponderance of cases, was simply that wage advances were beneficial and profitable to all parties and injurious to none in the long run.

Of course, the chief reason why these masses of mankind get so little is because they require and demand so little. They are satisfied with a standard of living so low that it is easily reached, and there they rest. They are too easily pleased with the wretched estate to which they are born and trained. And the first requisite for fitting them to be better consumers of goods is to stimulate their desire for more up to the point where it shall become lively enough to push them into an active movement to get more. This is the first and one of the hardest steps toward progress.

Mr. Brassey found, when he raised the wages of his Hindoos from a penny to two pence a day, without being pushed to do so by his workmen, that they simply used the extra pay to knock off half the time from work. They did not wish for more things, and therefore would work no longer than was necessary to give them their usual living. And the same spirit exists everywhere in men of low grade. They are too easily satisfied. They do not desire anything beyond their usual supplies.

What we need, then, as the first condition of increasing our markets satisfactorily, is that the least and lesser consuming parts of our population should be stimulated to enlarge the circle of their wants. They need to be surrounded with influences which will strongly excite desire

and ambition. A herdsman on the plains of Asia is not likely to find in his monotonous and barren experience anything to make him wish for more clothing, better food, a finer tent, or books, or society. He will therefore stay as he is, he and his kind, for a thousand years, unmoved to desire a better existence.

We saw, at the World's Fair, a Laplander who owned three thousand reindeer and yet lived in one tent ten feet in diameter, with his wife and two children. They lay in two hollows in the ground, spread with miserable reindeer skins and had fewer comforts than any tenement house dweller in our crowded city. He made nets and the women made slippers, rude garments and knitting work. They might have consumed many goods, but they did not care to do so. Things did not appeal to their desires. Their wealth had no object, therefore, and did no good. They were like the dogs whose kennels are enough so long as they have also food. So, too often, are our own masses. They do not require enough to make large markets until their demands are multiplied greatly.

To stimulate them into active desires is the first step toward giving them the commercial and social value of being a good market. It is just here that the usefulness of the modern interest of the richer classes in the poorer finds its economic place. College settlement societies, newsboys' lodging houses, free hospitals, free libraries, various reform institutions, sewing and cooking classes for the poor, Christmas trees and Thanksgiving dinners—any and nearly all of our recent devices for stirring the sluggish and narrow desires of the masses to a wider current, effect a greater result beyond their special objects, in that they enlarge general desire and call for a wider consumption of goods and a higher grade of living. This result, indeed, is the main benefit, since it extends to every nook and corner of domestic and of public life and acts unceasingly. If one were to propose a public motto for conduct of the greatest general usefulness, he might well select

some such words as "stir everybody up to have more wants, to desire more things." That would keep the wheels of business going, whatever else might betide. That would keep society expanding. That would furnish enlarging markets every year.

All influences, political, social, business, which produce the effect of widening the horizon of desires and wants, tend to benefits unspeakable; and no others will operate in such a large scale with anything like the same energy. Herein is movement by society *en masse* to a better estate. Political measures, therefore, which tend to inspirit and widen national industry are of great value. Measures that tend to give everybody a better chance to rise in life are the best of stimulants. Measures that increase the range and variety of employments, measures that shorten the hours of toil, and so cheer the hearts of toilers, inventions that lessen labor and increase products, machineries that do men's work while they stand and watch, all these, by broadening opportunities, increase human desire. Desire increased expands consumption, consumption enlarges and widens markets, and markets thus increased and multiplied at home call into existence industries beyond all earlier proportions. No foreign trade whatever can equal the resources and consumption of a home market fostered and extended as this might be. This is the national highroad to general and continuous prosperity. It is the road which must be taken, because there is no other. Humanity is shut up to this one course. It may be pursued after the old method of conflict, bitterness, hatred between classes, strikes that end in battles, lockouts that provoke bankruptcy, on the principle of English middle class economics, or it may be sought for by harmonious co-operation between all the parties in interest, employers and workmen acting together, on the principle of American democratic economics.

By the first method we shall get that result at the cost of infinite pain, anguish and widespread misery, that shall

make our factory towns at times look like devastated plains of countries involved in civil war. But under a candid recognition of the democratic character of the movement and its universally beneficial agency, we shall reach the same result of advancing wage levels, slowly, indeed, but peacefully, without useless and ruinous waste, anguish, hatred and battle. And we shall progress toward general prosperity all the more rapidly just in proportion to the cordiality and heartiness of our co-operation with this inevitable drift of things. The universe is on the side of the workmen. Society gains all that they gain, and it is only a mistaken sense of self-interest that blindly resists their advance.

That nation which first and most widely adopts this truly democratic method of making its own markets at home out of its own people will most rapidly advance in wealth, civilization and power. Our own country is already well in the stream of it. If we are only true to the trend of our own history and to a principle of democratic economics, the United States will offer to the world a spectacle of progressive prosperity which shall exceed even its present pace by all the difference between the speed of advance which the columns of one united army can maintain over those of two conflicting armies.

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### An Eight-Hour Experiment.

Mr. William Mather, M.P., of Mather & Platt, Limited, the Salford Iron Works, Manchester, has issued an exhaustive report on the trial year of the forty-eight-hour week undertaken by the firm, a trial which, he remarks, has been regarded with some anxiety by employers and workpeople alike, and the sole object of which was to prove how far the widespread desire for shorter hours might be met without danger to the mechanical trades, or whether it must be resisted in the interests of all concerned.

From the introductory pages of the report we learn that the full complement of men at the Salford Iron Works is 1,200, though the actual number employed at any given date necessarily varies according to the state of trade. The trades represented at the works are pattern-makers, moulders (iron and brass), smiths, coppersmiths, and tin-plate workers; engine fitters, millwrights, electrical mechanics, turners and fitters, brass finishers, boiler-makers, planers, drillers, borers, machine-tool men and laborers. The character of the work turned out during the year of trial was similar to that of the preceding six years, viz., general engineering work, in which are comprised engines, pumping machinery, boiler work, etc.; machinery used in the textile trades (other than spinning and weaving) for the bleaching, printing, and finishing of cotton, linen, silk, and other fabrics; electrical machinery of every variety for lighting, transmission of power, electric traction, electro-depositing, electro-chemical processes, etc. The year's trial was made during a period of general trade depression; but, fortunately for the purpose in view, though the prices obtained for the output of the concern were lower in the aggregate than were ever reached before, the total invoice value of the orders executed during the year amounted to the average value of the six preceding years. This was an unfavorable state of things for the success of the new system, because with five hours less of work per week without a reduction of wages, and with the prices for machinery lower than in any preceding year, it was to be expected that the ratio of labor cost to selling price would be abnormally high. No monopolies of any kind were included in the year's trial, and the royalties included in the prices of special inventions have been deducted in all cases, and only the prices of the machine itself taken for the purpose of the comparison. About one-third of the men employed are on piecework wages, and the piecework system has received a thorough representation in the trial, as well as the fixed-weekly-wage system. No overtime

whatever was worked, except for breakdowns and repairs. Extra men were employed on the double-shift plan to meet extra pressure of work. One of the most important features of the year's trial was that it was formally arranged with the chief officials of the Amalgamated Society of Engineers, the great trade union of the engineering and machine-making trades of the United Kingdom. The officials of this powerful trade union were found ready, and even anxious, to agree to all proposals made to them which appeared to be necessary to prevent impulsive and premature action on the part of any branch in any part of the country toward obtaining the eight-hour day.

The report, in setting forth the object, the method, and the results of the trial, enters into a circumstantial statement of some length which has no general interest, and a considerable portion of space is occupied with the history of the experiment and the negotiations preceding it with the firm's workpeople, and especially with the trade union representatives.

#### STATISTICAL RESULTS.

Under this heading the report says:

We commenced the forty-eight hours' system on Monday, February 20th, 1893; but for convenience the period of the experiment is comprised in the twelve months commencing March 1st and terminating February 28th, 1894.

**WAGES COST.** The figures we have taken as the standard with which to compare results are the averages per year of the preceding six years, during the earlier portion of which the number of hours worked per week was fifty-four, and fifty-three hours per week during the later portion. The production during the two periods has been similar in character, and the turnover in the trial year has approximated to the average of the six years so closely as to be practically the same. As regards quantity of production, there was actually a larger output in the trial year; but owing to the prices in that year being considerably lower than in the six preceding years, the turnover

did not increase with the amount of production. On making up the books, we found that, comparing the ratio of wages to turnover in the trial year with the ratio of wages to turnover in the six preceding years, there was an increase of 0.4 per cent in the former. But as in the trial year selling prices were considerably lower, the actual quantity produced, as represented by the equal turnover of that year, was considerably larger than in the six preceding years; therefore the ratio of the cost of wages to the turnover in that year must have been proportionately less. Had prices ruled the same, the turnover in the trial year would have been greater, and the wages cost, instead of showing an increase of 0.4 per cent, would have shown a decided decrease. We have found a marked economy in gas and electric lighting, wear and tear of machinery, engines, gearing, etc., fuel and lubricants, and miscellaneous stores. On the other hand, we have examined the increased fixed charges due to interest of plant and machinery, rent and taxes, permanent staff on fixed salaries, being employed five hours less per week. The balance of debtor and creditor account on these expenses is unmistakably in favor of the trial year. The credit from these items to be carried to the trial year is an amount equal to 0.4 per cent on the net amount of the year's turnover. Thus, by a remarkable coincidence, a saving of 0.4 per cent is secured as a direct consequence of the shorter hours, which counterbalances the debit of 0.4 per cent in the increased wages cost.

**LOST TIME.**—The improvement in respect of lost time is very marked. The proportion of "time lost without leave" to the total time worked averaged in the fifty-three hours' period 2.46 per cent, whereas in the forty-eight hours' period it is only 0.46 per cent.

**PIECEWORK.**—Piecework from the first has been a matter of considerable interest. It was at the outset—perhaps naturally—assumed that men on piecework were already doing their best, and if their period of work were

shortened their earnings would be diminished in a corresponding degree. This anticipation has not been realized; for although there is a falling off in the percentage earned by pieceworkers over and above what they would have received as day wages, it is slight in comparison with the reduction in the time and particularly so in the later portion of the year. In order to judge better of the working out of the system as regards piecework, the year has been divided into three parts of approximately equal lengths. In the first period the surplus over day work rates was 1.76 per cent less than the standard piecework wages; in the second period, 1.58 per cent less than the standard piecework wages; in the third period, 0.78 per cent less than the standard piecework wages; the average for the twelve months coming out 1.41 per cent less than the standard. It must be noted that in no single instance during the year were piecework rates advanced. In fact, some reductions were made—in a few special cases where the rates were admittedly too high. Had these few changes not been made, the difference between the two periods would have been 0.5 per cent only, instead of 1.41 per cent, a difference which is not at all unusual between two years. The chief point of interest arising out of the comparison made between the two periods for wages-cost of work produced may be thus epitomized:

	IN FAVOR OF FORTY-EIGHT HOURS.	AGAINST FORTY- EIGHT HOURS.
Comparison of wages to turnover, made simply on the net value of production and the wages thereupon.....	—	0.4 per cent.
Balance of account for "wear and tear," fuel, etc., as against increased cost per hour worked, for fixed charges, which must be credited to wages account.....	0.4 per cent.	—
Proportion of "lost time" to total time.....	2.0 "	—
Difference in the amount of piecework produc- tion as shown by piecework balances, in three periods of the year:		
First period.....	—	1.76 "
Second period.....	—	1.58 "
Third period.....	—	0.78 "
Difference of pieceworkers' earnings after equal- izing prices for fair comparison with preced- ing years for the whole trial year.....	—	0.5 "

It will be clear from these figures that the wages cost of production in the forty-eight hours' system remains the same as it was under the fifty-three hours' system, when the new system is credited with the saving in consumables, wear and tear, fuel, etc., which is the direct consequence of the change without diminishing the output of the works. The pieceworkers have lost slightly on the year, but the later months show this loss to be a vanishing quantity. A curious fact is illustrated by the pieceworkers' statistics. The diminution in their total wages means a proportionately less production in actual work turned out by them. But as the total output of the works during the trial year was greater than that of previous years, the diminution in production of the pieceworkers must have been more than compensated for by extra production on the part of the dayworkers.

There is no doubt, says Mr. Mather, in concluding his report, that the results obtained at the Salford Iron Works, together with those at other places, demonstrate that the two morning hours before breakfast are not worth the pains and trouble they cost, whether to workpeople or to employers. The effect on the workpeople must be most damaging, both physically and mentally; otherwise we cannot account for the remarkable and indisputable fact that when these hours were struck off as much work was performed, all the year round, as when these hours were employed. Not only are these two hours before breakfast almost worthless as time, but their effect on the physical and mental condition of the men is to depreciate the vigor, freshness and brightness which ought to prevail throughout the working day if the best results are to be obtained.

My observations and the careful supervision of our foremen have not detected that our workpeople have consciously made anything like a "spurt" in the trial year, hoping thereby to gain a permanent reduction of hours, with the intention of easing off afterward, as some have thought would be the case. I attribute the full mainte-

nance of our production through the trial year solely to the unimpaired and cheerful energy on the part of every man and boy throughout the day. We seem to have been working in harmony with a natural law, instead of against it, as in the unnatural conditions of men beginning the work of the day without the provision required by nature for the proper exercise of their mental faculties and physical powers. The changed home life must also count for something. Every man can now associate with his family before leaving for the day, and the breakfast table may give him a good "send off" in a cheery spirit, which he maintains in all he does.

The total abolition of overtime, excepting in the rarest cases, is essential to the success of the shorter hours, if my conclusions as to the cause of increased production be correct. This custom is a delusion on the part of workpeople and employers alike. The extra wages are obtained by the men at too great a cost. The extra work is not worth to the employers the price they pay for it. The double shift system, which the trade unions have readily approved, has, on other hand, many advantages in cases of exceptional pressure. Employment is afforded thereby to more men, and the work they do is not charged at an abnormal rate. It would doubtless be difficult to obtain men sufficient for a double shift in times of great prosperity; and as a permanent system of working, it is, of course, impossible. It will simply meet certain emergencies. But of this I am assured, that the most economical production is obtained by employing men only so long as they are at their best. When this stage is passed there is no true economy in their continued work. Our year's trial has convinced us that we have found the "happy medium" in the number of hours during which only one meal and one stoppage are needed, and this resolves itself into the eight-hour day or forty-eight-hour week.

## American and English Conditions of Taxation.

The difference between the conditions under which English and American tariffs are framed have not sufficiently attracted the attention of such of our congressmen and college teachers of economics as have found themselves carried away by what they suppose to be the teachings of Smith, Mill, Cobden, Say, Bastiat, Cossa, and others, in favor of the policies which are supposed to represent classic political economy in England, France or Italy.

Neither of these writers wrote face to face with a system of state and local taxation upon land at all corresponding to that prevailing in nearly all, if not in all, of our state governments. When any or either of them referred to taxes on land, if he deigned to refer at all to a topic which, in Great Britain at least, is of such meagre importance, he meant a tax bearing some theoretical or imagined ratio to the rate of rent the tenant had at some time paid to his landlord, and for which "rate" or tax, if not paid, a writ would issue authorizing the collector to distrain, or seize for sale, the goods of the occupant found on the land; hence, the land taxes throughout Europe everywhere rest upon the occupant in the first instance.

Nowhere in Europe does a writ for the collection of taxes of any kind issue to sell the land itself. Nowhere, therefore, is the principle of eminent domain in land asserted in taxation. This, however, is exactly what is asserted in all American local taxes on land. The writ for the collection of state and local taxes on land sells, either in the first instance or ultimately, the land itself.

In 1890 these state, county, municipal, and school taxes amounted to \$470,651,927, being about \$67,000,000 more than the whole of the federal revenues. Of these about two-thirds (\$327,000,000) were collected for municipal and school purposes, the latter alone amounting to \$125,168,134. A large portion of the taxes collected for municipal (city) purposes are paid for police protection, or greater security

to life than is possible in the rural districts; fire department, or greater security to both life and property from fire than is possible in isolated communities, and for water, parks, and other elements of subsistence or life comfort. The total taxes for the maintenance of the forty-four state governments were \$48,556,597, and the total taxes for county purposes, including roads, bridges, equalization of taxes and costs of holding local courts, were \$94,629,410. These taxes are not felt by the working class to rest on labor. In any community in which wage-workers are in the ascendant these taxes are voted up with a bound. In a case, near New York City, in which the voting power in a school district passed into the hands of a wage-working class, while the resident population, liable to pay the taxes for the public schools, was particularly wealthy, and disposed not to regard a public school as worthy their attention, the wage-working voters promptly voted their children an edifice equal to any collegiate structure in appointments, and provided for a scale of education that cost \$650 per pupil per year, a rate higher than that in Yale or Harvard. They knew that such a scale of taxation might affect the annual profits or accumulations of the wealthy residents in the district, but could not possibly make any depression in the wages of labor, or raise the price of any article of consumption.

But if the same school had been located in Birmingham, and the same preponderance given to the numbers of the working population over the land owners, the taxes would not have been raised so lavishly, because the writ for their collection would have issued against the occupants, and most of the voters would have been house-holders, or shop-renters, and would have opposed the tax.

All these taxes on property, as laid in America, under our system incorrectly styled one of "direct taxation," are taxes on unearned increment or profit. Whether what are erroneously styled in Great Britain "direct" taxes, viz.; the rates paid by occupiers of land, are taxes on profits or on

consumption, is a question foreign to our habits, and possesses therefore, for Americans, a merely academic interest.

If, however, English and Continental economists had written in presence of any system of taxation which rested all their local, and, if we may use the term, their "house-keeping" taxes, on titles to land, they would have furnished us with a very different mental pabulum for reflection and study in their discussion of the principles relating to customs duties. They would have had all their cravings after so-called "direct taxes" fully satisfied. Their dreams of good to be accomplished by levying taxes directly in proportion to ownership would have been converted into sober observation by an ample experience of the good, bad, or indifferent effects of that device. They would not have striven to make their customs duties also special taxes on property.

In the case of the English customs duties on tobacco, this principle, of laying the tax directly on the article, is carried out by prohibiting any domestic cultivation of the plant, thus sacrificing production to taxation, outright. Of course, by this device the tax on tobacco may be made as absolute on the article itself, as distinguished from a tax on its importation, as the American tax on land is on its ownership. In France the monopoly of the sale of tobacco by the government makes its tax on tobacco equally effective. In America no man can own land without paying the land tax. In Great Britain or France no man can obtain tobacco without paying the tax on it. Both taxes are equally specific, and by the help of the British law prohibiting the domestic production, both taxes rest absolutely on the article. The United States could not thus introduce absolute taxes on articles into their schedules of duties on importations, because it has no constitutional power either to monopolize the sale of the article, as that of tobacco is monopolized by the government of France, or to suppress the domestic production by making it criminal, as is done with tobacco in Great Britain. There

is also a difference in the mobility of the two taxes, on land in America, and tobacco in Great Britain and France. As our tax on land must be paid in money, it must be paid out of the profits made in owning land itself, or out of the capital employed in carrying it as an investment. British tobacco, however, is not bought by the chewer or smoker or snuff-taker for profit, but for consumption. When he has consumed it his services are probably worth no more, and may conceivably be worth less than if he had not consumed it. This depends radically on the question whether the use of tobacco is beneficial or pernicious. As a cost of living it may tend to enhance his costs as a laborer, somewhat as the costs of oiling an engine are counted one of the costs of the engine. Unless it admits of being thus transferred to his employer's profits, it becomes a tax on his own consumption. The same is true of the British customs duties on coffee, spirituous liquors, and wines.

The classic political economy of Smith and Mill favors taxes on the consumption of liquors and tobacco, and the forced suppression of the domestic production of tobacco, on the ground that the cost of these vicious indulgences is not added, like the cost of woolen clothing, or of meat food, or other necessaries, to the laborer's wages. They hold though it might tend to suppress population, "it would not probably tend to diminish much the useful population of the country."

Except in so far as the things consumed are modes of vicious consumption, Dr. Smith held that taxes on them, if necessaries, would be added to the rates of wages and so would pass on to the prices of goods and upon rent. In this Adam Smith was clearly right. Dr. Smith, however, was no free trader in the modern English and American sense. He did not advocate duties for revenue only. He stated his own policy concerning duties on imported manufactures (*Wealth of Nations*, p. 702) to be that by "removing all prohibitions, and subjecting all foreign manufactures to such moderate taxes as it was found from

experience afforded upon each article the greatest revenue to the public, our own workmen might still have a considerable advantage in the home market, and many articles, some of which afford no revenue to government and others a very inconsiderable one, might afford a very great one." This means that we are to lay duties on as many competing manufactures as exist, up to the point where to increase the duty would lessen the revenue.

Dr. Smith is in no degree sponsor for the rant of which we hear so much, that taxes upon consumption of necessities are paid by the laboring class. He taught that they were in all cases added to the wages of labor and paid by what he calls the superior classes. "The laborer, though he may pay it out of his hand, cannot for any considerable time at least be properly said even to advance it. It must always in the long run be advanced to him by his immediate employer in the advanced rate of wages." Dr. Smith did not indeed carry his analysis of the incidence of taxes on consumption to the point where they would resolve themselves into additions to necessary costs, and therefore deductions from the unearned increment. In so doing he probably stopped short of the final analysis of the principles of taxation. But he advocated what, in the present circumstances of the United States, would be a good protective tariff, and he heartily condemned in principle the kind of tariff under which British customs duties are now collected.

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### Previous Experiences With Free Trade.

We are now passing through the sixth free-trade experience which has afflicted the people of the United States. It is the first in which the panic and depression have come in advance of the free-trade statute. That it is due, however, wholly to the election of 1892 is shown by three classes of proofs, viz.: first, the absence of any sign of industrial disturbance until the result of the election was known, and the immediateness with which the crisis

then supervened; second, the previous occurrence of five crises in the United States and of at least one in England from the same cause; third, the inadequacy of all the other alleged causes cited by the free traders to produce the present condition of things.

Beginning with the immediateness of the evolution of the crisis upon the occurrence of the election, it is well to note how clearly its first symptoms are referable to that event as its cause.

On Wednesday, the very day after the election, a Baltimore buyer of wool canceled an order for \$50,000 worth of wool which had been previously placed in Ohio. On the same day, King, Gilbert & Co., of Middleport, Ohio, had received among many other stop orders one canceling a purchase of 1,000,000 pounds of steel, and on these stops ordered a general reduction of wages. The New York *Tribune* of November 12th, the fourth day after election, contained four telegrams of industrial collapse, one from Pittsfield, Mass., one from Neenah, Wis., one from Elgin, Ill., and one from Reading, Penn., all due on their face and expressly ascribed to the vote on election day. At Pittsfield, E. D. Jones' Sons & Co. received a notice canceling an order for machinery for a \$400,000 paper mill in New York State. At Neenah, Wis., C. W. Howard announced his cancellation of contracts to erect a paper mill which would have cost \$80,000. Near Elgin the Illinois Iron and Bolt Company canceled plans for additions designed to add one half to their output and to their payroll. Near Reading, Pa., the Phoenix Iron Works took off the night turn from two mills, and announced that from the Monday next following the election, the force all over the works would be reduced. In the same week Herrmann Aukum & Co., of South River, N. J., manufacturers of handkerchiefs, notified six hundred employees that their works would shut down on December 1st until the new tariff should be known. On November 22d, two weeks after the election, the Illinois Steel Company, employing thirty-five hundred men,

announced that owing to tariff uncertainty and stop orders they would shut down on December 15th. On November 30th the Enterprise Company, employing five hundred hands, and the Stone City Bank, of Joliet, with deposits of \$500,000, failed.

From this time onward the banks began failing in the West and Northwest and South and East, generally away from the larger centers, and all gave in explanation of their failure the nerve with which they had paid out their cash on the draughts of their customers until they could no longer convert their assets into cash fast enough to continue the process. Not one of them said, We are afraid the government gold reserve will get below \$93,000,000 and therefore we suspend, or we are afraid of silver, or the like. All depositors needed cash because no returns of cash were coming in in any kind of business. Returns had ceased because sales had ceased. Sales had ceased because people were waiting for the lower prices which had been promised under free trade.

The five previous crises which led many thousands of the American people to expect another crisis in 1893 as soon as the election was known were those of the periods from 1783 to 1789, from 1816 to 1820, from 1837 to 1840, from 1854 to 1860, and from 1873 to 1879.

The first two periods were periods of freer trade resulting from removal of obstruction due to war rather than to tariffs. International warfare conducted by armies and navies often puts an end to a trade warfare, conducted by merchants and manufacturers, in a manner which renders the war of the soldiers and sailors less destructive of the fortunes of the invaded country than the war of the bankers and merchants.

Prof. Wm. Hill, of the University of Chicago, sums up the first period of "free trade" as follows:

"Two serious evils were imminent. The industries which had started up during the war, but which had not become firmly established and had no great capital, were

being forced out of existence. And the commodities which America could offer for imported goods were all taken and large debts still remained unpaid. All coin which could be collected was exported in liquidation of these debts, so that little was left to carry on the business of the country."<sup>1</sup>

Brief as these details are, comprising the three facts of an inward rush of foreign goods, a displacement of domestic labor and an outflow of gold to pay for the unusual importations, they are all there is of the average panic. In the Argentine Republic in 1891 this inward rush of foreign capital consisted of loans, goods and deposits jointly. In Australia in 1893 it comprised goods and deposits. In Great Britain herself in 1847 it was made up of heavy imports of food itself. The ordinary evils of free trade panics are well described by the historian Sir Archibald Alison, a present and most intelligent witness of the crisis of 1847 in Great Britain.

He says<sup>2</sup>: "The whole commercial classes in the manufacturing towns have felt them for nearly two years in the utmost intensity. It is well known that, during that short period, one-half of the wealth realized and in course of realization in Manchester, Liverpool, Birmingham and Glasgow has perished. There is no man practically acquainted with those cities who will dispute the fact."

Again<sup>3</sup>: "Wages of skilled operatives, such as colliers, iron moulders, cotton spinners, calico printers and the like, are now not more than half what they were when the corn laws were in operation. They are now receiving 2*s.* 6*d.* a day where before the change they received 5*s.* Wheat has been forced down from 56*s.* to 44*s.*; that is somewhat above a fifth, but wages have fallen a half. The last state

<sup>1</sup>Early Stages of the United States Tariff Policy, by Wm. Hill, A.M., Am. Econom. Assn.

<sup>2</sup>Essays, Vol. I, p. 535. "The Crowning of the Column and Crushing of the Pedestal."

<sup>3</sup>Essays, Vol. I, p. 540.

of these men is worse than the first. The unjust change for which they clamored has proved ruinous to themselves."

Again<sup>1</sup>: "The balance of trade, during these last (first) three years of free trade, has been no less than £54,000,-000 sterling."

The characteristics of our own crisis of 1816-20 were that our imports rose from \$20,000,000 worth in 1814 to \$150,000,000 in 1815. Small as our industries then were, these imports discharged 70,000 men. Sold generally on long credits, they thereby gave rise to large quantities of commercial paper seeking discount. Hence, although the country was flooded with war debt on which the government was practically insolvent, there was a strenuous demand for more bank notes in exchange for the "commercial paper" which had been given to pay for the importations. Hence, the issue of "state bank" notes rose from \$40,000,000 in 1811 to \$200,000,000 in 1816. This ease in expanding the bank currency ought, according to Sir Archibald Alison, who complains bitterly of the restricted currency system of England, to have averted the crisis. The government, having no bank of the United States during this interval 1811-16, was collecting its duties on imports in a state currency, in which Baltimore paper was at 22 per cent discount, Philadelphia 17 per cent, New York 9½ per cent, and only Boston notes were at par. The government's own checks were worth 20 per cent less than par. In 1816 the Bank of the United States was founded for the express purpose of compelling the state banks to redeem their notes in coin. Largely through its influence this result was effected in 1818-19, but under circumstances of great stringency. A part of this stringency was probably due to the sharp financing of the government of the United States in suddenly withdrawing from the bank \$13,000,000 in coin in 1817, with which to pay off its own debt, notwithstanding

<sup>1</sup>Id., same page.

the fact that until the bank had by its purchases of coin in Europe effected resumption of specie payments, the government's inability to maintain coin payments had been painfully conspicuous.

The details of the crises of 1836 to 1840 and of 1854 to 1857 in the United States are so closely identical, in all economic features, with those of the English crisis of 1847, that one description of the exterior phenomena might do for them all. There is the same displacement of home by foreign products, the same resulting demand for an inflated paper currency, which in the United States always came in prompt response to the demand, and the same large cessation from domestic production of crops as well as fabrics. Hence, in 1839 and again in 1859 the United States were large importers of breadstuffs from Europe.

Preliminary to the crisis of 1837, our imports of merchandise, which had been \$67,000,000 in 1829, and \$62,000,000 in 1830, rose to \$101,000,000 in 1833, \$108,000,000 in 1834, \$101,000,000 in 1835, and \$106,000,000 in 1836, resulting in a net excess of imports over exports of \$112,000,000 in the three years 1835, 1836 and 1837.

Under the Walker tariff of 1846 the country passed from an average importation for the four preceding years of \$91,126,945.40 to an average importation for the next fifteen years of \$239,167,587, our imports increasing two and a half fold. In the two years 1851-2 six hundred and eighty new banks were organized, expressly to convert into cash the vast supplies of commercial paper resulting from the sale of the excessive flood of imported goods brought in by the low duties. Meanwhile Mr. Greeley, visiting Ohio to discover why in 1854 that state was in a famine, stood aghast at the unprecedented spectacle of railway trains of twelve passenger coaches each, required to draw westward through the city of Cleveland the discharged workmen from the closed factories and furnaces of the eastern states, who were fleeing from the industries of the cities to the isolation of the public lands.

The crisis of 1854-7 had been due on economic principles as early as 1849 at the latest, as a consequence of the change in the tariff in 1846. But five circumstances concurred to postpone it by the appearance of a factitious prosperity. These were (1) the unprecedented demand for our breadstuffs caused by the cessation of British and Irish corn production, over immense areas, in 1846 and 1847, due to the repeal of the corn laws. (2) The diminished grain production in Europe caused by the revolutions of 1848-9 throughout the grain-producing countries. (3) The vast discoveries and yields of gold in California and Australia in 1849-53. (4) The Crimean war. (5) The rapid inflation of bank note currency in the United States from 1850 to 1853.

Notwithstanding all these causes of delay, our freer importations and the resulting destruction of our American manufactures were like heavy black storm clouds moving into position for a tempest. In 1853 and 1854 a continually increasing dearth of currency arose, notwithstanding our enormous gold coinage since 1851 and our rapid multiplication of free banks in 1851-2. The whole of the years 1853-4 were occupied in discharging workmen, roofing over the walls of unfinished structures, foreclosing mortgages, selling out manufacturers and accelerating bankruptcy. On the thirty-first day of January, 1854, soup houses were opened in all parts of New York and Brooklyn. From half to two-thirds of the men in all trades were unemployed. Meetings of unemployed in the City Hall Park demanded that in the starving condition of the country all exports of food should be forbidden. Processions of unemployed 12,000 to 20,000 strong marched down Broadway with a banner inscribed, "We don't mean blood, but we do want bread." The city of New York voted \$10,000 for the relief of the poor early in January, and had itself no money in the treasury with which to pay the donation. The city could not meet the wages of its police and judges. All its officers sent their pay

warrants to be "shaved" by the brokers in Wall Street. The Governors of South Carolina and Mississippi issued thrilling proclamations begging the charitable of the world at large to feed the starving people of those states. The inability of American merchants to pay for their purchases of foreign goods sent a return crisis into England. That country was swept by a cyclone of bankruptcies in 1856, all due to previous American bankruptcy. McCulloch was among the economists who observed and recorded this fact. This English crisis reacting produced a drain of specie from this country so sharp and exacting as to force our banks into the monetary crisis of 1857. During this crisis, New York City banks which now will not receive silver coin as deposits, then paid checks and redeemed notes in dimes and half dimes, in order that delay in counting might carry the clock hands to three in time to rescue the bank from failure.

The crisis of 1873 was complicated with other causes than the reduction of duties in 1872. We had reached the end of our capacity to export government bonds in the settlement of the balances due to Europe on an annual excess of imports over exports of over \$200,000,000 a year for eight years. In the course of nine years we had exported \$1,800,000,000 of government debt. Having no more bonds to send, we must pay in either products or coin. This collapsed the values of all the weaker railway shares, Northern Pacific and its agents and connections leading. The center of the panic lay in our import trade, but it grew largely out of the fact that we had no supply of acceptable government bonds with which to keep the imports coming. A tendency developed naturally to substitute weak railway bonds in their place, and then the bonds themselves collapsed. Hence, the panic of 1873 was largely a panic in railway securities, followed by a marked cessation in railway extension and fall in iron and steel production.

It is thus apparent that the increased introduction of

competing foreign goods to the partial displacement of our own, has had an important influence in creating every financial depression which this country has experienced. It has been the sole cause of several. It was also the efficient immediate cause of the crisis of 1847 in England. And it was the indirect cause of that of 1856 in England. These were the grounds on which the American people began to read disaster on November 9th, 1892.

Finally, as to the alleged causes to which the true authors of our calamities have studiously sought to ascribe the crisis of 1893 and 1894. The Republican silver legislation embodies two measures, one of which, the Bland-Allison law, had been in force twelve years, and the other, the Sherman law for the purchase of silver and the issue of notes in exchange for it, had been in operation two years and four months before the election of 1892. The charge made against these measures is that they tend to induce a fear that the issue of so many government notes on so small a basis of gold with which to redeem would tend to create distrust in the ability of the government to hold its notes at a par with gold. This distrust, if active, would, it was said, restore the premium on gold, as it was during and for fifteen years after the war.

The difficulty with this notion is that the panic throughout was not inspired by a desire to avoid or to get rid of the greenback notes, but by a rush to get them. In the crises brought on in part by the excess of state bank notes in 1817, 1837 and 1857 there had been a rush to deposit the worthless notes to pay debts with them, to sell them at a discount, to get gold for them or to work them off in every way, and at any discount from their face. Gold was always at a large premium in such paper.

But in the panic of 1893, a premium was added to gold itself, to get these notes. Daily the papers recorded the premium these notes commanded over certified checks on our best city banks. They were from 4 to 5 per cent. better than the checks of the very bankers who assented

to the pretense that these notes were making the panic. Instead of being objects of distrust, they were the very citadel and fortress of confidence. Hence, the theory on which the President called Congress together to repeal the Sherman law, viz., that confidence in the government's notes was being undermined, was a bald and palpable untruth. Had the confidence in the President been in any degree like the confidence felt in the government's notes, there would have been no panic.

Another phase of the silver theory is that foreign investors provoked the panic by sending over to our markets for sale an unusual quantity of what are vaguely called "securities." Their motive for selling them was said to be that they feared that these "securities" would be paid off in silver, if the United States should, through its purchases and coinage of silver, be carried over to a silver basis.

In complete refutation of this, the researches made by Mr. Ford, in charge of the government's bureau of statistics, show that seven-eighths of all the "securities" sent over were shares of stock, instead of bonds, and therefore do not admit of being "paid off" at all. On the contrary, it is these very shares of stock that virtually "owe the bonds," since it would be the holders of these shares who would be interested as debtors, if anybody would, in paying off the bonds with as little value as possible. In this aspect of the silver notion, it becomes a pretense that the panic is due to the fears of the debtor class that events would take such a turn that they could pay off their debts at half their face. We are asked to believe that debtors owning shares and owing bonds became frightened at their opportunities of being thus enriched, and hastened to sell out the property whose value was about to be enhanced by a cheap release from its debts.

Nearly a year has passed since the quack nostrums based on these false theories were applied, and still, the depression deepens, widens and hardens. Seventy-five

factories in Rhode Island in 1892 employed 18,000 men; in 1893, the year of panic, 14,000, and in the first four months of that which the President would assure us is the year of recovery, they employ only 8,000 men. The people from Maine to California have shown by their votes that they now know what has caused the crisis.

It will be many years hence before they again vote for the doctrine which they so uproariously applauded in 1892, viz., that "we don't know what we want, nor why we want it, but whatever it is, we want it bad, and we want it right off."

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### Transcontinental Railways and Ocean Steamers.

In the SOCIAL ECONOMIST for December, 1893, we called attention to the fact that some one or other of the great through line competing American railways would soon be driven to invest in ocean steam lines in order to compete for transatlantic custom. We then said: "Whenever this competition assumes large proportions, the railway that first 'pools' and then consolidates with, or buys in, or builds a leading line of ocean steamers will get ahead. When one 'trunk line' has invested in a line of fast transatlantic steamers, others will follow suit, until the lines of continuous consolidation of steamers and railways girdle the earth. As the larger must swallow the smaller, the ultimate destiny of trans-Atlantic steamers is to be owned by American railways."

Of course the tendency of trans-American lines of railway to absorb Pacific ocean lines of steamers would be just as great as to absorb those on the Atlantic side. And it is equally natural that if the Canadians are the first to acquire one consolidated through route of railway from one ocean to the other, this route should get the start of the United States routes in taking in ocean steamer lines whether on the Atlantic side or the Pacific.

The London *Times* of March 2d has a letter from its Canada correspondent pointing out that the Canadian

Pacific, which is really a very great and admirably managed enterprise, has not only got the start of its American competitors in getting a transcontinental line of railway, but has already embraced under its control two lines of Pacific steamers and is projecting a transatlantic line, thus girdling half the earth in one enterprise within a few months after the prediction of such a result, based merely on the logic of business, appeared in the SOCIAL ECONOMIST. The London *Times* correspondent says:

"Already it has captured a large part of the tea trade between China, Japan, and the Eastern States. It is the only system across the American continent which is under a single direction, a circumstance which gives it a great advantage over any existing line in the United States in dealing with through traffic and special rates.

"With the termini of its main line on the Atlantic and Pacific, and touching the great lakes in its course across the continent, the company is becoming deeply concerned in transportation by water as well as by land. It already runs one important line of steamships across the Pacific to Japan and China, and another upon Lakes Superior and Huron. With the newly-opened line across the Pacific to Australasia it works in close co-operation. Another fast line across the Atlantic to Britain has been contemplated. Completion has so rapidly followed projection in the undertakings of the company that the early opening of such a line would surprise no one. The greatest activity marks the present enterprises of the company across the whole breadth of the continent. In the East, connection has been secured with the ports of Boston and New York, to supplement that with Montreal, St. John and Halifax. In the prairie country new branches are being pushed forward, and wherever they go new towns are being built up under the auspices, one may rather say under the immediate direction, of the company. The Rocky Mountains will probably soon be penetrated by a new line through the Crow's Nest Pass, by which the company hopes to reach

the new mining districts of British Columbia. Preparations are being made to double the line between Lakes Superior and Winnipeg, the most important route of wheat transportation. In connection with the settlement of the large areas of land granted to it by the government of the Dominion, a vigorous policy is being carried out, and the sales for the last year have been larger than ever before. Mines of coal and mines of salt are being developed on the properties of the company. Whalebacks, those latest monstrosities of naval architecture, said to represent a great economy in cost of construction as well as in running expenses as compared with ordinary vessels, are being built on Lake Superior for the transport of grain, steamships and barges on Lake Huron. Vast elevators have been constructed at essential points. A telegraph system, which already competes successfully with the long-established Western Union and other companies, has been constructed across the whole breadth of Canada, and it has established a powerful transatlantic cable connection. In the mountain country at Quebec and on the Pacific coast hotels have been built and splendidly equipped to meet the needs of the increasing volume of tourist travel which is attracted by the magnificent scenery of British Columbia and the lower St. Lawrence. Enterprises of a minor kind are entered upon freely whenever an opportunity presents itself of developing business for the road. All this represents an astonishing amount of energy and effort. From Halifax to Vancouver the 'C.P.R.,' as it is familiarly called, is a factor, and often a large factor, in the affairs alike of the country village and of the great city—in the politics of the municipality, the province, and the Dominion.

"While ready to sharply criticize and combat details of policy and administration, Canadians are full of admiration for the company and its work as a whole. They acknowledge that it has taken a leading part in making Canada better known in the world. They freely admit that the

almost phenomenal success achieved by the company during the last few years has contributed in no slight degree to raise the credit of the whole Dominion, hitherto not a little injured by unsuccessful railway ventures. They are fond of pointing out that at its head is a man who combines an extraordinary knowledge of detail with ability to deal with the transportation problems of a continent, and that in an age of great railway men he easily takes his place in the front rank."

The question whether the Canadian Pacific Railway would have succeeded better as a government enterprise than in private hands, is discussed with much acuteness. He says:

"The people of Canada, after years of debate and consideration, deliberately elected that the greatest railway system of the country should not be under the control of the government, but should be carried on as a private enterprise. They endowed it magnificently with lands; they added the gift of a considerable mileage of line fully constructed; they backed up for a time its borrowings by public guarantee. When all this was done they preferred that it should be handed over entirely to business men to be conducted on business principles for the benefit of the shareholders. They, in effect, invited the company to make the most of its great opportunities. Nor were these opportunities considered too great by impartial men. The right to build the line, with all the privileges, land grants, and franchises connected with it, was for some time in the open market, without finding financiers bold enough to undertake the task. When the task was undertaken the most gloomy forebodings were expressed about its success. The directors had their periods of great anxiety. Stock which has been in the 90's, and in a time of great railway depression in America is now a little below 80, has stood as low as 37; so that if the 'C.P.R.' is to-day a success, it has become a success by hard conflict; if its builders and managers have won wealth which here and there provokes

envy, they have won it after great and prolonged risk.

"It does not follow that because a railway pays as a private enterprise it would succeed under government management. A company can do many things which a government cannot do. Mr. Sandford Fleming, the distinguished Canadian engineer, pointed out to me that when he had the superintendence of the government railways, large sums of money were at times lost because work that for the greatest economy required instant execution had to go through the slow process of being put up to public tender in order to guard a minister of railways from suspicion of jobbery. The president and directors of a company are bound by no such considerations.

"The steamship line will form another important link between Canada and the motherland; it will be an added link, too, in a chain of British communication which already stretches all the way from Halifax to Hong Kong.

"There is no doubt that the railway company, from its extensive connections, is better able to make the new line a great success than any company working independently of these connections; in fact, it seems doubtful if any other company can be found to undertake the work on the scale which the Canadian government requires and the circumstances render necessary. A solution of the question may be found in the grant to the Canadian Pacific of very liberal running powers over the Intercolonial, or in a lease which provides compensation for outlay in case government control is resumed. The time is not far distant when the company will practically control ten thousand miles of railway on the American continent, and be in easy touch with all the main centers of population. The advantage given by such a connection for a steamship line offering the shortest possible voyage across the Atlantic is incalculable. It would probably pay such a system to run the steamships at a loss. There is a general impression that the climax of speed and comfort has already been reached in trans-Atlantic conveyance. But there will be a

further advance still if ever the dream is fulfilled which Mr. Van Horne is thinking over in his office at Montreal, and which he finds time occasionally to unfold in detail to a sympathetic visitor—when the best equipped railway train in the world will take up passengers and mails at Euston or Paddington, convey them to Holyhead, Milford, or some such point, place them on ships which will land them on Canadian soil in four and a half days, and then deliver them by the fastest and closest railway connection to all points on the American continent."

Our great American lines are slowly creeping across the continent, but no single management yet controls a transcontinental line. What are the views of the Hon. Chauncey M. Depew and of the Vanderbilts; of the managers of the great Pennsylvania system, and of the Goulds, Sages, Garretts and Huntingtons as to the expediency of combining under one management transcontinental and transoceanic transportation?

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*The British Economic Journal.* (December.) This is one of the best economic magazines that comes to our table. There are two papers by L. L. Price and W. Fowler, discussing the report of the Indian currency committee. "Competition as it Affects Banking," by F. E. Steele. This article deals with some phases of competition peculiar to English banks which are not felt by our own. The Post Office Savings Bank and the colonial banks are institutions unknown here at present. We have had some disastrous experiences with branch banks in some States. As yet they are not a part of our national bank system. The effect of competition in decreasing bank reserves to a dangerous point is one that all must regret. C. M. Percy and Clem. Edwards discuss the coal dispute of 1893.

## **Contributed.**

Correspondence on all economic and political topics is invited, but communications, either for private use or for publication, must bear the writer's full name and address, and requisite postage must be inclosed for return of manuscripts or answers to communications. The editor is responsible only for opinions expressed in unsigned articles, and reserves the right to criticise freely views presented in signed articles, whether invited or not. Typewritten manuscripts preferred.

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### **Are We Saxon or Roman?**

Until the gathering of the representatives of ten nations at New York and Chicago to do honor to the memories associated with Columbus, there was a habit of regarding him as one of the earlier lights of a comparatively recent and minor race of people known as the Italian. Between modern Italy and the vast Roman Empire of fourteen centuries there lies, in the average English and American mind, a wide gulf, not merely of distance, but of incongruity. We associate Rome with arms and law, Italy only with arts and beauty. In spirit there has been a transfer of ancient Rome to modern Britain and America, and of the Greek character to Italy and France. We are more willing to regard the Roman Empire as the common mother of all the nations of modern Europe than to think of the modern Italian nation as a continuation of the Roman race. Hence the appearance, from among men of comparatively modern Roman blood, of certain great leaders of civilization, in Europe, in widely unlike spheres of action, seems almost incongruous. Michael Angelo in art; Galileo in scientific discovery; Columbus, to say nothing of Vespuclius and Verrezano, in exploration; and Napoleon, Cavour and Garibaldi in war, statesmanship and adventure, include the four first characters in modern Europe. They were all Romans, typically so by descent and blood.

Men of legal education admit the pervasive influence which the Roman law has exerted over modern ideas in matters of property, marriage, social relations and political methods and ideals. Men engaged in religious and historical work find that even to-day all intellectual and historical roads lead to Rome. It is not that twice as many persons own, to-day, the religious ascendancy of a Roman pontiff, as ever bowed to the power of Roman arms. Millions who repudiate altogether the spiritual primacy of the church of Rome, find in the contributions which eastern and western Roman civilization made to Christianity itself, elements to which nearly as large a share of the success of that type of faith is due; as to those derived from Judea. For what would Christianity be without that identification with scientific courage, with monogamy as the basis of all pure family life, with civic pluck, and even with the great festivals, the intellectual precedence and the masterly power of command, which came to it through Rome?

For several centuries the English and German minds were jealous of recognizing Roman influences in modern history, lest they might lend some aid to "popish idolatry." They fought shy even of apparent truth that might aid the "scarlet woman" to regain her ascendancy over the common people. Hence lawyers like Blackstone and Coke labored to prove that English law was indigenous to the English soil, borrowing no elements from the Roman, except perhaps a late fragment of the law of bailments, or a stray sentence in Magna Charta. English historians alike dated the English blood, race and name from an obscure little German tribe of Angles, wholly unknown to fame except as the supposed source of English greatness. On the banks of the Elbe they occupied a dot of territory not exceeding three hundred and thirty square miles in extent, never containing more than fifty thousand inhabitants, not one of whom ever foreshadowed the masterful qualities of the Briton.

A narrow sectarianism and a meager view of ethno-

logical influence closed the British mind to the abundant proofs that Roman blood had determined the quality of the British race before any Angles, Danes, Saxons or Normans ever landed on the shores of Britain. The Roman had held sway in Britain before the fall of Rome for upward of four centuries between B. C. 43 and A. D. 410. This was longer than the period that has elapsed since the discovery of America by Columbus. They had sixty walled cities in Britain. Ptolemy names fifty-six of these. Marcianus Heracleata, without naming any, gives fifty-nine. Nennius at a later period enumerates thirty-four, the Saxon invasion having occurred in the interval.<sup>1</sup> Coote<sup>2</sup> says, "We have the fact of high civilization in Britain from the circumstance that the wealth of the country, an indispensable attendant upon civilization, attracted the attention of the Anglo-Saxons." (Should be Saxons and Angles, as their coming was distinct and their blending subsequent.—Ed.) "The temptation to invade and occupy this portion of the empire was the same as that which actuated the invasion and occupation of the other portions of the empire, viz., its wealth. But this wealth, like that of its creator, civilization, could only have been Roman, and as the Romans continued to exist in Britain after the Anglo-Saxons' [Saxons and Angles] conquest."

The chief of the Roman cities in Britain was York (Eburacum). Here resided Constantius, one of the Caesars appointed by Diocletian and Maximian to divide the cares of the empire with them. He married Helena, who became the mother of Constantine the Great. Constantine the Great was probably born at York. He was, at least, chosen there by the army, A.D. 306, to succeed Constantius as Emperor of the West, and was here proclaimed emperor. Here also, two centuries earlier, Vespasian and Titus, the destroyers of Jerusalem, had resided, while perfecting the conquest of Britain. Here, A.D. 320, also

<sup>1</sup> Smith's Dictionary of Greek and Roman Geography, Art. *Britainia*.

<sup>2</sup> Romans in Britain.

resided one the three great British lawyers whom Justinian summoned to aid the lawyers of Rome, Byzantium and Alexandria in compiling the Pandects, the Code and the Institutes, which have been the basis of all European law to this day.

Scarth in "Roman Britain" credits Britainia with twenty-eight cities, of which two, viz., York (*Eburacum*) and Verulam (St. Albans), were *Municipia*, and nine were colonies. *Verulam* (St. Albans) preceded London (*Londonum*) in dignity, yet London was called *Londonum Augusta*, which indicates that it was a commanding city in population. Coote (*Romans in Britain*) shows that the walls of London extended half a mile back from the Thames, on the east bank, and for a mile in length, besides including so much on the west bank of the river as to cause one writer to locate the city in Kent. Coins extending in date from Augustus to Honorius have been found in the Thames or within the old walls of London.

Remains of Roman baths, temples, theatres, tiling, pavements, glass ware, lead, copper, tin, or iron manufactures mark the sites not only of York, St. Albans and London, but of Colchester, Gloucester, Winchester, Norwich, Cirencester, Bath, Silchester, Exeter, Dorchester, Chichester, Canterbury, Wroxeter, Lincoln, Worcester, Leicester, Doncaster, Caermarthen, Caernarvon, Portchester, Grantchester, Carlisle, Caerleon and Manchester. To many of these towns, without doubt, Paul had come during the seven years of travel in Spain, Gaul and Britain which intervened prior to his execution under Nero. Clement sums up his tour expressively in the words '*Ἐπὶ τὸ τέρμα τῆς δυσεώς ἐλθων*'—"coming to extreme limits of the west." Certainly, in a period not long anterior to that in which an emperor of the west could be chosen by the Roman army in Britain, no tour could be described in such sweeping terms which had not included Britain. Tertullian speaks of the cross having been carried even into those parts of Britain not yet subdued by the Roman

arms. In a single campaign of the earlier period of Roman conquests, sixty thousand lives had been lost in fighting the tattooed Britons. There is no evidence that one-sixth as many Angles ever entered the country, and had the whole Angle tribe come, men, women and children, it could not have mustered so many. The Romans filled England with farms until, on one occasion, the great city of Rome (then of 2,300,000 inhabitants) was rescued from famine by importations of wheat from Britain. Roman roads bound together all the cities and towns of England and extended far up into Scotland. Even the name of the apostle to Ireland, Patrick, is identical with the Latin *Patricius*, and indicates that, though born in Scotland, he was a Roman and of gentle birth. This finger-mark of history survives to-day in the song,

"St. Patrick was a gentleman."

A Roman army from Briton effected so nearly the conquest of Gaul as to fasten upon a part of modern France the name Bretagne. The subdivision of Britain into counties (Latin *comitia*), which precedes the Saxon shire, indicates a subdivision into distinct voting populations. For a *comitia* was a word definitive of the Roman system of voting, and of public trial before one's peers or country. The constituency which voted together either upon a life or upon a *lex* or statute, was a *comitia* under the Roman system. This word became the "county" of the English, which the Saxons called "shire." Down almost to this day, the county voted at one polling place, in electing to Parliament. The names ending in cester, chester, castor, etc., indicate Roman camps. These ending in iter or eter indicate Roman roads. The clan Campbell of Scotland is as old as the fabulous King Arthur, yet it is Roman, compounded of two words *campo bello*, or the war camp. Our humble name Austin as it retreats back into history swells into the more imposing word Augustine; England's family of chancellors, the Salisburys, become Cecils back to Henry VIII, but as Cecilius they go back to the days of Cæsar,

perhaps of Romulus. Scarth (in Roman Britain, p. 220) says "Roman blood mingled with the population, and Roman blood has flowed ever since in English veins, and we believe ever and anon giving proof of its refining influence."

During the Roman ascendancy of more than three centuries, Roman gentlemen erected villas in all parts of the kingdom and in every sightly place. Monasteries existed even in the Hebrides; one of great celebrity in the island of Iona, in Argyleshire. Britain was the summer residence of the Roman aristocracy. Even the fifty-three towns which Ptolemy names would seem to imply a Romanized population as large as existed under the early Henrys or perhaps even under Elizabeth. Hume dismisses the three or four centuries of Roman rule as if they left the British people still savage at the mythical and apochryphal withdrawal of the Roman armies. Later research does not justify this misleading brevity. Thirty-nine years only elapsed between the letter which the Emperor Honorius sent to the cities of Britain, advising them to defend themselves against the Picts and Gaels (A.D. 410) (up to which time Roman society, art and manufactures had been as influential in Britain as in Italy) and the appearance of the little kingdom of Kent (A.D. 449), claiming to be Saxon. Not only must all the traditions relating to King Arthur, the Knights of the Round Table, Launcelot and the other heroes whom Tennyson has restored to life be crowded within this thirty-nine years, but they must be relegated to the defeated Welsh races who were in these fanciful legends striving to establish for themselves a glory above that of their conquerors.

The Saxons, and, later, the Angles, came as allies and not as invaders. Their number cannot be known. Britain had been drained of many of its Roman troops in the campaigns in aid of Maximus and in the conquest of Bretagne in Gaul. But it was never overrun like Spain, Germany and Italy by the barbarian tribe of Goths, Huns, Vandals

or Visigoths. In no part of Europe were the chances so good of preserving the Roman blood in so large measure. From the Saxons, Angles and Danes the English blood may have drawn saving, trading and plodding qualities. From the original tattooing Britons, Silures or Welsh, Picts and Gaels they derived endurance and toughness under defeat. But how could they escape deriving from four centuries of Roman admixture those dominating and legislative forces which make the modern British race successors to the ancient Roman?

How little Gladstone's features differ from Cicero's or those of Victor Hugo from the bust of Homer! The face of the most distinguished General Von Moltke is a close reproduction of that of Julius Cæsar, yet is not one whit more purely Roman than that of a typical American lawyer and senator, Lyman Trumbull of Illinois, to whose ancestor Jonathan Trumbull of Connecticut, Washington used to resort so frequently for advice. It was his favorite expression, when pondering a difficult problem, "I must see what Brother Jonathan says of it?" This caused the American character in its shrewder aspects to be typified under that familiar name Brother Jonathan, as its patriotism is under that of "Uncle Sam."

The English and Americans become on a little investigation more clearly the countrymen of Cato, Cæsar, Angelo, Galileo, Columbus and Napoleon, than thousands of those who were born within sound of the Tiber, but of immigrant blood from Sicily, Lybia, Egypt or Thrace. The British and American type of character is not Anglo-Saxon. It did not originate on the Elbe; it derives its strongest traits from that race which has been the most forceful and masterful for thirty centuries. Even at the dawn of that period, the Roman finds its chief antecedent in the Ionic races clustered around the Ægean Sea. And these in turn were not indigenous in Greece, nor along the eastern Mediterranean. They were descended from colonies that migrated from India and from Persia, bringing with them

to Greece a Hindoo name for nearly every hill and river, and peopling them with ancient eastern myths clothed in new Greek phrase.

Philology and history are concurring in the unity of the chain of race and blood through which civilization has come into being. There has been no break or shifting in the line of transmission. Columbus' portrait everywhere restores to us the typical Roman face in all its severe determination. But, even in this aspect it is no more typical than can be seen in half the cabins of our mountains and frontier. The Duke of Veragua brought to us essentially the same Roman type, only to find it overmatched by that of Chauncey M. Depew and by the director-general of the exposition, George R. Davis. Pope Leo XIII shows all the qualities and features of the highest type of Roman, but no more distinctively than Generals Sherman or Schofield, or Edward Everett or Wendell Phillips.

There has recently been formed in England an association for research into the historic remains of the Roman occupation of Britain. Its work has an important bearing upon the growth of a true theory of the sources of character in the British-American race. There is no net gain to mankind in attributing to this race and character an ethnical origin more dignified than, upon the proofs, it in fact deserves. Nor on the other hand is there any real advantage in maintaining in full vigor the clumsy and unfitting tradition of an obscure and irrelevant origin, five centuries after the fact, on the banks of the Elbe. If the real current of British character is in fact a continuation and broadening of the same human and spiritual qualities which had previously constructed the Roman empire, dominated Greek art, and which, if we may venture to follow the ingenuous arguments of the unique work entitled "India in Greece," had migrated to Greece from the early seats of Hindoo civilization, then an origin is established for modern civilization which identifies it through its entire course as one continuous current, which is traceable upward through

Britain, Rome, Greece and India until its *veritas caput* or true head is lost in the clouds of the pre-historic period.

VAN BUREN DENSLow.

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### The Relation of Ethics to Economics.

Wide differences of opinion exist as to the connection between the two sciences, ethics and economics, the commonly accepted notion being, perhaps, that they are not only distinct but as far apart as the spheres. Over a century ago Adam Smith attempted to separate, for purposes of scientific investigation, qualities which are inseparable in reality. In the "Theory of the Moral Sentiments" (1758) sympathy is studied as the mainspring of conduct; in the "Wealth of Nations" (1776) selfishness is considered in like manner. Quite recently the president of the American Economic Association has said that all an economist has to do "is to find out how wealth is produced, exchanged, distributed and consumed. It will remain for the social philosopher, the moralist or the statesman to decide how far the pursuit of wealth, according to the laws discovered by the economist, should be subordinated to other, let us say, higher, considerations."<sup>1</sup>

But ethical considerations are in no true sense the higher. No one is exclusively selfish. No one is wholly sympathetic. Sympathy and self-interest co-exist and are supplementary. To understand either it is necessary to study both. The two sciences cannot be independent of one another. They are parts of the same whole; each deals with social conditions, relations and institutions; each is consequently only a branch of the science of human society. Each science results from the study of man; each attempts to generalize the principles of conduct. Indeed, they are so closely related that the two terms *ethical* and *economic* must be regarded as co-related, though in no sense identical. Policies which are economically efficient, which

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<sup>1</sup> Francis A. Walker, Political Economy. Advanced Course, p. 1.

tend to the upbuilding of the community and the development of greater complexity in social relations, which secure higher wages and lower prices and thus advance civilization—policies such as these are ethical. They make better men and women. Nothing is truly economic which does not do this; nothing is truly ethical which does not. Nothing uneconomic can be ethical; nothing immoral can be economic. To save life is moral; to waste it is uneconomic. Immoral economics is as unscientific as economic immorality is impossible. Any cheapening of production, for instance, which is “secured by a cheapening of humanity, is unlawful morally, and economically it defeats itself in the long run.” (Bowne, p. 259.)

It is here that evolutional ethics, intuitive ethics and Christian ethics approach common ground, and each recognizes the fundamental character of economics. Its importance in the study of ethics is clear. The first, if not always the chief, motive in conduct lies in the economic activity of man. What stronger impulse can there be than the desire for material things, to the satisfaction of which man devotes the larger part of his time and energy? What more potent factor in raising the ideal of humanity than the contact of races which commerce insures and the development of industry requires? No factor of our nature has been so potent in the moral development of the race as the simple desire for wealth; no institution approaches in significance the institution of private property. “As an end, wealth may deserve all the condemnation which has been heaped upon it, but as an instrument, its significance for all sides of our life cannot easily be overestimated.” (Bowne, p. 131.)

Who can question the ethical significance of the immense material development of recent times and the possible beneficence of this increased power which man has gained over the forces of nature? “If man is ever to reach the ideal ends of his being, he must bring the whole realm of nature into subjection under his feet.” (Smyth, p. 249.)

Broadly speaking, it is not true that "the intensity of the desire for physical comfort endangers the highest aspirations of the soul." (Kinley, p. 4.) Rather is it true that humanity has high aspirations because of, and almost directly in proportion to, physical comfort. What noble moral aims has a hungry savage, for instance, or what had the thirteenth century peasant who lived on bread, herring and barley beer at two pence a day?

Undoubtedly "evils, wrongs, abuses, oppression, injustice, exist in the labor system."<sup>1</sup> But most unsafe as guides in social reform are those well-meaning people who infer that these are the necessary results of the very nature of the wages system itself, and who, adopting the rule of state interference, seek to justify labor legislation on ethical grounds. Labor legislation needs only economic reason for its support. Lacking this, its consequences cannot be moral advance. The system is by no means inherently bad, and it is infinitely better than the slavery and serfdom which preceded it. The widespread ignorance which prevails as to the character and true function of capital and the efficient means by which real wages can be raised is greatly to be deplored, but general economic education can alone change that condition. Intelligent activity in seeking one's own interest is more needed than any grinding at the legislative mill.

On the other hand, the economist cannot ignore ethics. The reaction of ethical considerations on economic relations is too frequent and too influential to be omitted in any induction as to the laws of industrial life and of the material welfare of human society. The ethical desire for all those things which tend to elevate the senses, such as music, art and literature, is the very basis of the highest development of economic methods, since they constitute the market for the most complex industrial products. In the case of wages, for instance, the problem for the

<sup>1</sup> The Ethical Justification of Labor Legislation, by David Kinley, A.B., University of Illinois, pp. 33.

economist to solve is how far ethical aspirations determine the level to which wages must rise; what is the effective economic demand which results from the ethical and social character of the laboring class. The question is not whether an individual employer ought to pay as high wages as he can afford, but whether he can permanently afford to pay wages so low that they depend for the lowness of the rate the worker will bear on his capacity to draw his support from other sources, or on his inability to move to a better wage, or on his willingness to temporarily sacrifice his health, morals, life or other permanent interest to obtain the means of immediate subsistence. The employer cannot continuously pay wages which use up and extinguish his capital. Neither can a wage-worker continuously render work for a wage which uses up and extinguishes without replenishment his vital force, his personal rights or liberty as a freeman, his family rights, or his social and moral standards of purity and comfort. The extinction of the capitalist's capital, in the payment of a wage which leaves him no profit, is the economic fact which proves that he is not steering industry successfully and therefore is not serving society usefully. Hence there is no public need that he should survive, any more than that the captain of a ship who does not feed his crew, or the general of an army who fails to distribute rations, or the head of a family who neglects to support its members, should remain in command of the ship, the army or the family. It is the capitalist's ability to pay the living wage which constitutes his commission to command and direct labor. But while he commands he ought to pay a wage which constantly, annually and perpetually improves the standard of living. This is the ethical and natural law of wages. Because ethics means and nature intends the constant betterment of man,—his evolution into a higher state. This betterment begins in things material and reaches through these the whole man.

In the "Outlines,"<sup>1</sup> the editor-in-chief of the *Journal des Economistes* finds the philosophy both of ethics and economics in that universal law of life—the balancing of pain and pleasure. Under the conflict of impulses, order, not chaos, results in the industrial world. Competition, and what he calls the progression of values, distributes industrial burdens toward an approximate equality, reduces prices to necessary cost (in which he erroneously includes a minimum profit necessary to induce people to stay in business), and insures progress through successive lowerings of the cost of production. The tendency of wages to rise with the progress of civilization M. de Molinari attributes to the fact that more complicated industry requires a larger proportion of intellectual and moral qualities and thus increases the necessary cost of the "personal element in production." (p. 143.)

According to M. de Molinari, the relation of industrial activity to morals is that of cause and effect. Each economic advance from savagery to civilization has resulted in higher morals. The moral standard of the community is always a little behind the industrial and commercial movement, because it grows out of it and is made necessary by it, but they tend to an equilibrium. His present purpose is to show that the present crisis between morals and business is not to be met by a socialistic revolution, but by evolution through "a series of collective and individual changes which will bring moral progress into harmony with the economic." (p. 255.)

In the mind of a German professor of moral philosophy, Ziegler,<sup>2</sup> the means to this end lie in cultivating a spirit of association, of social unity and solidarity, among the "masses," a sense of common public duty which shall oppose the disintegrating forces of extreme individualism.

<sup>1</sup> *Précis d' Economie Politique et de Morale*, by G. de Molinari, Paris; Librairie Guillaumin & Cie, 1893. pp. 278.

<sup>2</sup> *La Question Sociale est une Question Morale*, by Th. Ziegler, Paris. Felix Alcan, Editeur. 1893. pp. 172.

This work may not be as attractive as dreaming about possible Utopias, past and to come, but its practical consequences will be greater. It is more important to have clean streets and free kindergartens than to know of the system of state training of children in Plato's republic, or the size of the gates in the new Jerusalem. Neither idle dreaming, carping criticism, the best of good intentions, nor anything else save the persistent efforts of intelligent, practical men and women to adopt rules of right social living based on the past experiences of the race, will ever make this world a better habitation. Only the slow and sure evolutionary process of education can develop that stronger character which is demanded in order to bring higher standards of living.

The necessity for this co-ordination of ethics and economics, and the reasons for it, are most clearly and forcibly set forth in the book from which several quotations have already been made. Professor Bowne's<sup>1</sup> work is an ideal text-book from the hands of an effective teacher. Written by a vigorous and independent thinker, it is calculated to stimulate careful thinking. The author dwells on fundamental ideas and principles. He does not discuss specific duties and virtues in detail, yet the book is eminently practical and in no sense speculatively theoretical. His style fascinates by the originality of statement and the lucidity with which most profound thoughts are presented. He brushes aside abstractions, accepts the guidance of practical wisdom and the teachings of experience, maintains that a study of both character and conduct are necessary to any adequate theory of life, and insists on an ideal joined with good will as the center of ethical science.

Newman Smyth's book<sup>2</sup> gives a much more extended treatment both of theoretical and of practical morals.

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<sup>1</sup> The Principles of Ethics, by Borden P. Bowne. New York. Harper & Brothers. 1892. pp. 309.

<sup>2</sup> Christian Ethics, by Newman Smyth. New York. Charles Scribner's Sons. 1892. pp. 498. (International Theological Library.)

But the general underlying principles are the same. His work is broadly sympathetic and profoundly philosophical; more scholarly, perhaps, without being more instructive to the average reader. It is written for the theological student and the style is hardly inspiring. Those who appreciate the earnest, spiritual character of the author must regret that there are so few passages which suggest the energy of his hope, and the deep conviction that the process of life is toward a moral end and the full realization of the Christian ideal in the life of humanity. Christian ethics is the science of living according to Christ; that is, as Christ would live were he here to-day, for we are not to suppose that the Son of Man himself would live to-day in England, in the United States, or in Japan, precisely as he dwelt of old in Judea and Galilee. We have consequently a more difficult task to perform than simply to strive to imitate the beliefs or the manners of the Christ. We must apply his principles to our daily life.

Part I of a Review of Evolutional Ethics<sup>1</sup> is an extensive summary of the works of eminent evolutionists so far as these relate to ethics. With a subject index it would be most useful to the student. In the original development of her subject in Part I the author fails to reach any practical results. Where conscience came from, is as much a mystery as where life originates. The last word of science is that life begets life. Nor does the search in the psychological laboratory give us guiding rules of conduct. We may avoid the lightning without knowing what electricity is; may walk erect without knowing that bodies attract directly as the mass and inversely as the square of the distance; may light a fire or burn to a cinder without knowing anything about the process of combustion. May we not be moral without apprehending the spirit? What matters the origin of matter, force, life, and spirit? Is aught gained by making a God of "natural" law? If man has

<sup>1</sup>A Review of the Systems of Ethics founded on the Theory of Evolution, by C. M. Williams. New York. Macmillan & Co., 1893. pp. 591.

consciously become moral in the past, and therein only differs from many lower animals, may he not properly keep constantly in view this principle of conscious progress toward higher things?

ARTHUR BURNHAM WOODFORD.

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THE LONDON *Economist* of April 14th says: "In manufactures of iron and steel the most considerable item is a falling off of nearly fifty per cent in weight, and more than fifty per cent in the value of the shipments of tin plates to the United States. In nearly all descriptions of iron and steel, the reduced trade with America has had a disastrous effect on the figures. . . . The quantity of alkali sent to the United States last month was only about one-half of that shipped in March, 1893, and in earthenware for the same destination there is a similar falling off. The greatly reduced exports for the United States are a marked feature throughout the returns; and while this is partly to be ascribed to the effects of the crisis of last midsummer, it is also doubtless, to a considerable extent, due to the restriction of imports into the United States, which will go on until it is known definitely what the duty on the various classes of merchandise in the future is likely to be."

It will go on still further until it shall be known what the profits in business and the wages of labor in America are likely to be. It is only as we are a high-profit and high-wage nation that our people can buy largely either of foreign or of domestic products.

## Editorial Crucible.

TWO THOUSAND working men of the city of Cleveland have signed a letter to President Cleveland pointing out his numerous errors of policy and requesting him to resign. Horace Greeley defined a Democratic politician as something that seldom died and never resigned.

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GEN. HARRISON, addressing the Republican State Convention of Indiana, at Indianapolis, on April 25th, said: "I believe to-day that all the tumult of this wild sea would be stilled as by the voice of Omnipotence if the great industrial and commercial classes of this country could know to-day that there would be no attempt to strike down protection in American legislation." (Applause.)

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IN DEFENDING the authors of the Wilson bill, Roger Q. Mills confidently assures us in the *North American Review* for February that "when they shall have finished their work there will be nothing left to be desired." We fear there is too much truth in this. Their work has cost the country five billions of dollars in ten months. At this rate, in ten years there would be nothing left in the country "to be desired."

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THE NEW YORK *World* suggests that the Coxeyite armies are manœuvred by protectionists to prevent the passage of the Wilson bill and to help the protectionist cause generally. This is absolutely the cutest and most original discovery ever made by that journal. It is like saying the movements of the tides in the ocean and the moon's phases are in conspiracy with the almanac makers to fulfill their predictions.

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THE ADOPTION of the Reed rules by the Democratic party in the House of Representatives within two years

after their wholesale denunciation of Mr. Reed as a czar for first perceiving their necessity, is an involuntary tribute of unwilling pupils to one who is their teacher in spite of their determination not to learn. It yet remains to be seen whether the logic of events will compel the Democratic party to adopt the McKinley tariff as well as the Reed rules. If so, there would be a revival of the theory which held so good immediately after the War, that the difference in doctrine between the two parties was only a question of time.

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THESE PEOPLE'S PROCESSIONS are the fruit of duplicity. They indicate that many men have been deceived and deluded, and are still acting under the power of their delusions. There is probably no man now living in the United States so grossly stupid as to entertain a belief that the Wilson bill, with or without the income tax, will help the cause of labor. All men know it will make the situation worse. The pretense of voting for the bill in the interests of industry has ceased. It is now being voted for solely as a matter of political discipline and to maintain the organization of the Democratic party. If enacted, the situation will rapidly grow worse. The kind of certainty it will bring to light will be the certainty of collapse to hundreds of thousands of enterprises which have stood the strain of a year and a half of the "tariff threat" without collapse. When such a crisis comes, then indeed the Coxey and Kelley brigades may prove to be no Populist amusement, but a much more serious matter.

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ABOUT THIRTY THOUSAND Confederate veterans held a reunion at Birmingham, Ala., under the two flags, on the twenty-fifth of April, to glorify the principles involved in the war against the Union. Numerous State governors were present and nearly every Southern State was represented, Texas alone by over fifteen hundred delegates. The convention opened in the "Winnie Davis Wigwam," and the chief business related to insuring the use in all

Southern schools of such histories of the struggle between the Confederate government and the government of the United States as will tend to keep alive the spirit of the Confederacy under the forms of the Union. The *Imperium in imperio*, of an ideal republic sacredly dedicated to the principle of the right of man to own men, is still held in reverent devotion by thousands as something better, nobler, braver, purer, and more "Southron" than the government of the United States, even when the latter is officered and manned by a President, cabinet and administration of their own selection, and is wholly engaged in making war upon Northern industries.

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"AN EXTREME REDUCTION of tariff duties at a time when the Treasury was swollen with a surplus of a hundred million dollars, when the country was reasonably prosperous, when all our industries were in motion and all our workingmen were employed, assumes a different aspect and presents a different question when proposed now with a large and growing Treasury deficit, instead of a surplus, staring us in the face, with our industries paralyzed, our manufactories closed, our workingmen idle, and following upon the heels of one of the most disastrous financial panics in our history. What was safe and prudent and wise then it would be criminal folly to attempt now."—Senator's Hill's speech.

Whatever may be said of Mr. Hill as an unscrupulous politician, the above shows him to be far superior to Mr. Cleveland. Now let Mr. Hill repeat the protection doctrine he announced in his Brooklyn speech, which did so much to elect Mr. Cleveland, and he would command the confidence of those who desire to believe in his sincerity—a confidence which Cleveland is rapidly losing.

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IN HIS LETTER to Chauncey F. Black, Mr. Cleveland has given another demonstration of his incapacity to realize the gravity of the present national situation, and of his lack

of patriotism or his determination to subordinate public welfare to party discipline. He takes this way of spurring on the Democrats in Congress to speedily consummate the very thing, the mere anticipation of which is the cause of the present national calamity, with its idle laborers, ruined capitalists, growing Coxeyites and all the danger to public peace, and to safety of person and property, that a disorderly, fanatical, socialistic mob implies. His letter contains no reference to the paralyzed industries and want that his policy has inflicted upon the country, but shows concern only for party interests. "Our party," he says, "is best organized and most powerful when it strives for principles instead of spoils." What principles, pray? It strove for principles in 1861 which came near destroying the republic; cheap (slave) labor and free trade were the principles for which it then struggled. It is striving for the same now, and has nearly paralyzed the industrial activities of the nation. In proportion as it succeeds in its striving "for principles" does it inflict injury upon the country.

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AT LAST the turn of the Welsh Church has come. The prediction of the Tories and the defenders of the state church in England in 1868 is coming true, that if the Irish Church were disestablished, it would be only a matter of time when the Welsh, Scotch and English Churches would follow. Only twenty-five years since the Irish Church was disestablished, and the Home Secretary, Mr. Asquith, introduces the bill for the disestablishment and disendowment of the Episcopal Church of Wales. The bill provides that the church shall cease to be a political institution after 1896, and the revenues, public and private, shall be appropriated to educational and charitable purposes. It will probably take much less time to bring the emancipation of the church in Scotland and England. There is no doubt but that the English Church will die hard, for it is immensely rich, and serves to furnish a large number of

sinecures for the incompetent sons of the nobility. But the most that can be done is to slightly postpone the date. As a state-supported, political and really Tory organization, the days of the English Church are numbered. Then religious freedom in England will have been accomplished. Besides having the right to choose their own religions, the people will be no longer taxed to support a religion they do not believe.

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THE EFFORTS of the Populist party in South Carolina to substitute the state for the individual in the sale of spirituous liquors have terminated in killing a few dozen constables and in a decision of the Supreme Court of that State that the law is unconstitutional. If it was unconstitutional, it was void from the beginning, and it was the duty of every official, and especially of Governor Tillman, to perceive that it was void, as clearly before as after the court so pronounced it. Hence, theoretically, it is the governor who has violated the laws of the State and is criminally liable for the murders committed. But as the governor is also invested with absolute pardoning power, and can pardon any crime in advance of indictment, as well as after conviction, it is probable that in this case the guilty governor will escape punishment. This is the best, and perhaps the first, instance the world has ever seen of the governing power being dependent absolutely on the consent of the governed. Meanwhile, behind all this fanfaronade lies the essential fact that it is unAmerican, unrepublican and unpopular for a State government to either make or sell intoxicating drinks, or anything else except two strictly social products. These are protection and instruction. India may cultivate opium and France tobacco, but though South Carolina is a host in herself, she cannot run a bar to advantage.

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GLADSTONE'S PARTING SHOT at the House of Lords threatens to become effective in a much nearer future than

his most radical followers imagined. The success of Mr. Labouchere's amendment to the Queen's speech created a sensation, and was thought to be largely accidental; but subsequent events have shown that it more nearly expressed the Liberal sentiments, both in and out of Parliament, than even Labouchere himself had supposed. The Tories, feeling sure that this would be a point upon which the Radicals would be defeated, had goaded them on. A little over a fortnight ago, Mr. Labouchere introduced into the House of Commons a bill, not abolishing the House of Lords, as the Tories had hoped, but simply withdrawing its veto power. The bill provides that the House of Lords may amend any measures passed by a majority in the House of Commons. But if the peers do not return the bill to the House of Commons within two months, it will become a law without their approval. And should it be returned with amendments, the House of Commons can accept or reject them at its pleasure, and the bill becomes a law without further consultation with the Upper House. This gives the veto power entirely to the Commons, and gives the House of Lords only a cautionary amending power with the approval of the Commons. If, therefore, the lords act rashly, it will be to no account; if they act wisely they may still render great service to the country. Mr. Labouchere's bill is radical enough to please the Radicals and conservative enough to get the practical indorsement of such papers as the London *Spectator*. It looks now as if the unwise attitude of the lords on the Home Rule bill and the County Councils bill will prove to be the last straw on the camel's back. The movement for disarming the Upper House has now found such popular expression that it is not likely to stop short of a realization that will render the House of Lords harmless.

## Economics in the Magazines.

Under this head we only call attention to the articles, in the current magazines, on social and economic questions, giving the point of view or method of treatment and other items that will serve as a guide for readers and students.

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**WOMEN.**—*The Exemption of Women from Labor.* Lester F. Ward, in *The Monist* for April, replies to an argument by M. G. Ferrero in an earlier number in favor of the complete exemption of women from bread-winning labor. Mr. Ward's points are essentially that Ferrero's assumption implies that all women can be dependent for support upon men, and will therefore be married, whereas by the census of 1890, out of 16,293,326 female persons of twenty years of age and upward, 3,228,338 were unmarried, or about one in four. In the census of 1880, 14,744,942 males appear as workers for gain and 2,647,157 females, which is very nearly one in five. Probably the very assumption which Mr. Ward makes that women must marry for support is that which most needs to be made impossible.

**POLITICS.**—*The Utter Corruption in American Politics,* by Hon. Amyas Stafford Northcote, in *Nineteenth Century* for April. The author writes a hasty and *ad captandum* article, which is often made peppery by lack of trustworthy information. He says the reason the best talent in the country withdraws from politics to private business, is because the constitution of the United States stands between foolish laws and their enforcement, the legislators saying, "What is the use of opposing them? The courts will set them aside as unconstitutional." He also says that "corruption has reached such a height that friends of officials can either avoid altogether the payment of taxes, or pay but a fraction of the sums paid by their neighbors; when those who are blessed with a pull in the water office or its

kindred branches can quietly avoid all payment of rates," etc. This is sheer ignorance. No such state of facts exists anywhere in the United States. The basis out of which such exaggerations come, is that in the adjustment of personal taxes, both on individuals and corporations, debts are exempt, and their amount has to be made known by an intermediary; the difference between par and actual value of stock of corporations, and the proportion of capital which ought not to be taxed because it has already paid a local tax as real estate, or because it represents vessels engaged in ocean traffic or the like—all these causes of exemption require the services of an intermediary to adjust the sum on which an assessment shall be made according to law. Only the extremely stupid get the notion that this intermediary ever buys the tax officers.

METAYAGE.—*Metayage in Western France*, by Henry Higgs and R. Lambelin, in *The Economic Journal* (of British Economic Association) for March. The writers hold that during the present generation a reaction has begun in favor of the system of cultivating land on shares in France, the owner and farmer (or metayer) contributing jointly to the capital and advice or management, making it in spirit a partnership arrangement. It appears that in France 4,324,917 holdings are cultivated by their owners, and that these average 4.48 hectares (11.20 acres); while 347,858 holdings are cultivated on shares (metauries), and that these average 13.04 hectares (32.60 acres) each; and 749,559 holdings are leased, averaging 11.94 hectares (29.85 acres) each. Such small holdings preclude the use of highly developed machinery, and necessarily mean either high cost of production or very small wages and low standard of living. Small farms mean hand labor and barbarism.

WAGES.—*Some Economic Aspects of the Coal Dispute*, by J. E. C. Munro, in *The Economic Journal* for March.

*The Coal Strike and a Minimum Wage*, by F. D. Longe, in *The Economic Journal* for March. This writer, who,

with Thornton, converted J. S. Mill from the wage-fund theory, is logical and consistent with his earlier position in denying that wages are governed by a law of demand and supply. On this point his views agree so closely with our own that we quote them: "It is this necessary limit to the reduction of wages, or, as it is sometimes expressed, to the fall in the price of labor, which excludes labor from those commodities the price of which can be regulated by demand and supply. A supply of any commodity can only be priced on this principle when it is less than the demand at *some* price, in other words, a supply which will be all purchased if the price is low enough to take it off. If all the labor in the market could be sold off at any price—that is to say, if all the laborers wanting employment could be taken into employment if they offered their labor at a sufficiently low rate (apart, of course, from any considerations as to the amount they required to support life), the problem of the unemployed would never exist. . . . Nor, on the other hand, however large the surplus of laborers might be, would they offer a lower wage than what was in their opinion sufficient to maintain the laborer while in their employment."

It is this sound view of the wage question which had much to do with the coal strike being successfully settled by Lord Rosebery at an advance of 40 per cent. over the rates paid in 1888, after the miners had in one stage of the controversy had their offer to settle at 30 per cent. advance rejected.

*HISTORY of Political Economy*, by Dr. Gustave Cohn. Published as a supplement to the Annals of the American Academy. We think this history illustrates the generally accepted error that political economy consists of the discussions of economists merely, without embodying in any way the history of that concurrent course of production, and legislation concerning production, to which those discussions usually relate as their text and antecedent cause. Within its field the work of Dr. Cohn is sensible and

concise, but we fail to perceive wherein it is striking, original, or more than simply commonplace.

VALUE.—*A Universal Law of Economic Variation*, by John Bates Clark, in the *Quarterly Journal of Economics*. While this article has no economic point, it is useful in a psychological sense as indicating to those interested in minimizing social waste, especially in intellectual amusements, that it is as possible to-day in economics as it was in the middle ages in theologies, to carry the system of fishing in the cistern of verbal dialectics so far that none but the speaker comprehends the language in which the discussion is conducted.

SHIPS.—*Our Navigation Laws*, by Charles H. Cramp, in *North American Review* for April. An argument from a practical ship-builder's standpoint of the expediency of retaining some share in the ship-building and ship-owning business.

TRADES UNIONS.—*The Insignificance of the Trades Union Vote*. Frederick Wicks, in the *Nineteenth Century* for April. The writer gives tables showing that out of a total of 37,732,922 persons "occupied in" the various trades and pursuits of the country (inhabitants), and out of 9,786,073 persons of twenty years and upward so occupied, only 1,109,014 persons were members of trades unions and labor organizations. Hence the average percentage of trades unionists among voters is four per cent in Great Britain. Mr. Wicks forgets that the trades unions, as the organized representatives of the wageworkers, stand for millions of men and women who are not members of their unions. Their representative weight is like that of church members, political club members or the membership of scholars or artists in societies devoted to learning, art or other forms of culture.

DESERT LIFE.—*Miners' Homes in the Mojave Desert*, by John R. Spears, in *The Chatauquan* for February. A sketch to life.

## Among the Books.

*Growth of English Industry and Commerce.* By W. CUNNINGHAM, D.D., of Trinity College, Cambridge, and of King's College, London. 2 vols., pp. 626-771.

The all-important requisite to the writing of a given branch of history, and especially of economic history, is to start with an exact comprehension of the class of facts necessary to be embraced, if the work is to carry out the promise held out in its title. Doctor Cunningham has accurately defined on page 17 of his introductory essay his conception of the plan upon which economic history should be written and upon which the present work is written. He says:

"When we thus aspire to trace out the first beginnings of any economic change, or to get a clear conception of its final result, we must endeavor to treat economic history as something more than a chronicle of new enterprises and discoveries, or even than a summary of statistics of population and prices; it must include not only the events but the ideas of the time. Among the facts with which we are concerned none are of greater importance than those which show that certain ideas were prevalent at a certain time, or were beginning to spread at a particular date. It is only as we understand the way in which men owed the dealing and enterprise of their own time, and can thus enter into their own scheme of advancement or their aims at progress, that the whole story may come to possess a living interest for us. . . . The political framework and the moral and social ideas have always been an environment for the industrial growth, and the record of events in each age is only completed when we have come to understand how the changes in economic conditions reflected themselves in economic ideas and terminology."

In accordance with this view, Dr. Cunningham has

furnished us with a history of the growth of English ideas concerning industry and commerce, rather than with a history of the growth of English industry and commerce itself. No attempt is made to follow the course of production in any period as to its bulk, value, methods, processes, varieties, commodities, or collective earnings, nor to trace the degree in which governments have hindered or aided it. The words "scythe" and "sickle" do not occur in its index, and when, as on page 38, a scythe is mentioned incidentally, it is without any history of the mode of its manufacture or its value. The words "wheat" and "rye" appear only once or twice and then in a hypothetical statement; no attempt at a census of products or a history of the increasing or diminishing volume of production, wages, profit, rent, import, export, consumption or introduction into use of any commodity is entered into. How far England from the year 1086 imported her steel from Damascus, her horses from Turkey, her cotton goods from India and China, her shawls, rugs and hangings from the Levant, is not a part of this treatise to delineate. The materialism of foreign commerce and of domestic production; what the people actually did, and how they did it; with what implements; what were their earnings, habitations, amusements, expenditure, apparel, food, drink and luxuries, are of less concern to Dr. Cunningham than to Leoni Levi, Rogers, Devas, M'Culloch, and many others whose works are less minute, scholarly and detailed than his. He is not a writer or thinker on the concrete or commodity side of economic topics, but wholly an idealist. It is what men, chiefly legislators, economists, doctrinaires or philanthropists, have said, thought or done about the industries, that attracts his notice, and not what the men actually engaged in production have done or been or suffered. Hence no case is made up on which any reader can affirm, concerning any industry, at any time, whether the action of government concerning it was injurious or beneficial.

This becomes particularly manifest when we look for

a perspicuous account of the actual mode in which England's tariff system relatively to imports and exports was arranged during the centuries which are under treatment in these volumes; its objects and effects; how far interior octroi duties prevailed; what were the relations between England, Scotland and Ireland in these respects, and how far the adjustment of duties between England and other powers was retaliatory, revengeful, subjugating or protective. Especially does the lack of such scientific treatment become apparent when we find the repeal of the corn laws disposed of in a few sentences or lines which are wholly destitute of any clue to the economic wisdom or folly of that act. Nothing is given to show whether the home supply of corn anterior to the repeal was less or more than was adequate; or whether England imported oftener or more than she exported; or whether her prices under the corn laws were lower or higher than those of Germany, France, or America; or whether after the repeal her supply of corn was more or less abundant, or higher in average price than before the repeal; or whether the tendencies toward famine were less or greater after than before that event; or whether fewer or more people actually perished through starvation by reason of it, or whether the domestic supply diminished after that event in a degree sufficient to equalize the entire supply per capita to what it was before the free importation. Surely the greatest event in the history of English legislation and commerce deserves treatment, in any history devoted to the economic aspects of English life, in a manner to give some information which reaches the economic judgments of men and does not rest on that eternal egotism of the English mind which is in a scientific way so unconvincing.

Several American treatises on the general topics of political economy discuss this question better than any English writer. This is the more to be regretted as Dr. Cunningham has the impartiality, the critical spirit, and must have, if not the habitual apprehension, at least easy

access to all the sources of exact information required in such a work.

Where the relations of causation are involved in a satisfactory statement of historical facts, the modern generation of English economists seem to be paralyzed, not only by having come themselves to the conclusion that no such relation exists, but by having become fully persuaded that the conviction that no such relation exists is now accepted by the whole world. Of course, if no relation of sequence between the action of governments and the industrial welfare of communities can exist, it is folly for a historian to search for it. His narrative is virtually reduced to a prolonged succession of data which come without causes and go without consequences. It seems that Dr. Cunningham has taken out of history the former supposed sequence that other writers had sought to find between the legislative action of nations and the prosperity of their people. He says, Vol. 2, page 431, of Sir James Stewart, that he "holds strongly that it is wise for the statesman to direct industry and commerce into the right channels;" and then that Adam Smith "held that no such system was necessary. His predecessors had believed that the statesman must play upon private interests so as to force them to conduce to the public good, and the maintenance of national power. . . . Adam Smith did not attempt to correct any previous system of economy; he was content to insist that all systems were idle, if not positively noxious."

So far as this is intended to convey the idea that Adam Smith taught that all that a government can wisely do toward the industrial pursuits of a people is to let them entirely alone, it is wholly erroneous. Adam Smith favored protection to domestic manufactures, to shipping, to the coasting trade, to the coinage, to banks, and many other forms of government intervention in industrial matters.

His doctrine on protection is contained in his Chapter II of Book IV, entitled, "Of restraints upon the importation from foreign countries of such goods as can be produced

at home." He says: "There seem to be two cases in which it may be advantageous to lay some burden upon foreign for the encouragement of domestic industry. I. When some particular sort of industry is necessary for the defense of the country. The defense of Great Britain, for example, depends very much upon the number of its sailors and shipping. The act of navigation, therefore, very properly endeavors to give the sailors and shipping of Great Britain the monopoly of the trade of their own country, in some cases by absolute prohibitions, and in others by heavy burdens upon the shipping of foreign countries." After detailing four kinds of these burdens, all of which he approves, he says:

"The second case is when some tax is imposed at home upon the produce of domestic industry.

"So there are two others in which it may sometimes be matter of deliberation:

"1. When some foreign nation restrains, by high duties or prohibitions, the importation of some of our manufactures into their country.

"2. When particular manufactures, by means of high duties or prohibitions upon all foreign goods which can come into competition with them, have been so far extended as to employ a great number of hands. . . . Were those high duties and prohibitions taken away all at once, cheaper foreign goods of the same kind might be poured into the home market, so as to deprive, all at once, many thousands of our people of their ordinary employment and means of subsistence."

In these four cases Adam Smith indorses in principle nearly every duty contained in the McKinley tariff. Any statement which makes Adam Smith indorse the notion that governments have no duty to perform toward the industries and labor of a country is simply an error of fact. In a history of English economic opinion it is not an excusable error.

Wherever the peculiarly English *laissez faire* theory,

that governments can only meddle with industry to mar its welfare, takes possession of an economist's mind, it virtually incapacitates him from writing a history of industry and commerce which will show any relation whatever between laws and labor. In the absence of such a chain of sequence, his history degenerates into a train of orphan facts, unwedded to any hypothesis of causation.

The difficulty with this system of writing history is that it emasculates the narrative of the rational element. It leaves nothing that ministers to the philosophic quality in the reader. The dramatic action, the psychic movement, the philosophic power of history are sacrificed, which deprives it of real economic significance.

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*Washington Brown, Farmer.* By LE ROY ARMSTRONG.  
Chicago: Chas. H. Kerr & Co. 1893. pp. 326.

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*The World Almanac and Encyclopædia, 1894.* Press Publishing Co. New York, pp. 536.

The large amount of well-arranged information, historical, political, scientific, religious, financial and sporting, contained in this book makes it a handy volume to have at hand for ready reference. Facts of all kinds are here collected, and withal so intelligently and accurately as to be of the greatest use in all departments of life. It is thoroughly up to date.

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## Fallacies About Farm Prices.

In our article "The Delusion About Prices" in the SOCIAL ECONOMIST for February we took exception to the supply and demand theory that prices are governed by the ratio between demand and supply. In the course of the article we had occasion to criticise an essay printed in the New York *Sun* of January 22d, by one C. Wood Davis, defending the Gregory King doctrine that "prices rise and fall as diminishes or increases the per capita supply."

In the Sunday *Sun* of March 18, under the ambitious title "Some Scientific Truths," Mr. Davis responds with something over two columns of a rejoinder. There is nothing in the article that would justify a return to the subject, were it not that the *Sun* has given over to Mr. Davis its editorial columns to advocate this and other belated, and, to modern economists, obsolete economic theories, the effect of which can only be to stimulate the fallacies of Populism. Nationalism and other economic vagaries now so prevalent.

It will be remembered that the chief point of our article was to show that agricultural as well as manufactured products are controlled, not by the mere ratio of supply and demand, but by the cost of continuous production of the dearest necessary part of the general supply in any given market. This idea is evidently new to Mr. Davis, for after an inaccurate summary, with a truly sophomoric air he exclaims: "Possibly some sockless Populist may have evolved from his inner consciousness as singular and scientific an economic theory, but has failed to enlighten a

waiting world, none of whose citizens would have difficulty in puncturing such scientific bubbles."

If Mr. Davis had been better acquainted with the literature of the subject, he would have known that the doctrine of differential cost, as a governing factor in prices, is as old as the century; also that the Populists are as ignorant of it as he is, which is the chief cause of their wild notions and irrational conduct in economic affairs.<sup>1</sup>

Since Mr. Davis is writing the economic editorials of the *Sun*, however, it may be well to inform him that the theory of differential cost is but the Anderson-Ricardo theory of agricultural prices and rent applied to general prices and profits. This doctrine was definitely announced by Dr. Anderson as early as 1777. It was restated by Malthus in the first decade of the century, and elaborately recast and systematized in 1817 by Ricardo, and has ever since been the distinguishing feature of the accepted doctrine of rent. Mill extends the doctrine to general prices. He says<sup>2</sup>: "The value, therefore, of any article (meaning its natural, which is the same with its average value) is determined by the cost of that portion of the supply which is produced and brought to market at the greatest expense.<sup>3</sup> Under the head of "Theory of Business Profits,"<sup>4</sup> Francis A. Walker has also greatly emphasized and elaborated this theory. Indeed, the differential cost theory is now practically accepted by all modern economists of standing, and Mr. Davis is very unfortunate in not having heard of it before.

In analyzing Mr. Davis' tables, we pointed out (pp. 71 and 72) that his own facts did not even in a general way

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<sup>1</sup> It may be remarked in this connection that Mr. Davis gives us to understand that he is a farmer, and was some time "traffic manager of a new western railroad." This may go far to explain his belated state of mind on economics; his clinging to the ancient idea of supply and demand; to the crude fallacy that inventions are an injury to society, and to the Malthusian notion of restricting population as a remedy for the evils of modern society.

<sup>2</sup> *Principles of Political Economy*, Vol. I, p. 589.

<sup>3</sup> Cf. *Ibid.* pp. 586 and 587.

<sup>4</sup> *Political Economy*, Paragraphs 306 to 311 inclusive, pp. 235-39.

support his theory, but in many cases flatly controvert it, as in the prices of corn :

	PER CAPITA PRODUCT.	PRICE PER BUSHEL.
1870-1874.....	.24.4 bushels.	\$.453
1873.....	.22.4 " "	.422
1874.....	.19.9 " "	.582
1881.....	.23.2 " "	.636

Now, according to the supply and demand theory or the so-called Gregory King law, the price in 1881 should have been scarcely any higher than in 1870 to 1874, it should have been slightly lower than in 1873, and very much lower than in 1874; whereas it was \$.183 per bushel higher than in 1870-1874, \$.214 per bushel higher than in 1873, and even \$.054 higher than in 1874.

We also gave a complete table of the yearly product and prices from 1880 to 1893 (p. 73), showing that the same was true of wheat, a part of which was as follows :

	TOTAL CROP.	PER CAPITA PRODUCT.	PRICE.
1880.....	498,549,808	10 bushels	\$.951
1881.....	383,280,090	7.5 "	1.192
1887.....	456,329,000	7.8 "	.681
1891.....	611,780,000	9.6 " "	.839
1893.....	400,000,000	6 " "	.521

It will be seen that in 1880, with a per capita product of 10 bushels, the price was \$.951 per bushel; while in 1893, with a per capita product of 6 bushels, or 40 per cent less, the price was only \$.521, or 45 per cent lower, when, according to the Gregory King law, it should have been exactly 280 per cent higher. Again, in 1881, with a 7.5 bushels per capita product, the price was \$1.192 per bushel; whereas in 1887 the per capita product was 7.8 bushels and the price was only \$.681, and in 1891 the per capita product was 9.6 bushels and the price rose to \$.839; in other words, an increase in the per capita product from 1887 to 1891 of 23 per cent was accompanied by a rise of 23 per cent in the price, instead of a fall of about 35 or 40 per cent.

Nor does the aggregate crop make any better showing. In 1893 the aggregate wheat crop was 400,000,000

bushels, the price \$.521 per bushel; in 1892, with a crop larger by 115,949,000 bushels, the price, instead of being much lower, was \$.103 per bushel higher. In 1891, with 211,780,000 bushels larger crop, the price was \$.318 per bushel higher. In 1881, with a total crop of only 16,719,910 bushels (or 4 per cent) less, the price was 128 per cent higher than in 1893. Mr. Davis made no attempt to explain this fatal discrepancy between his theory and the facts, but proceeded to reel off another series of statements of similar character, in evident oblivion of their economic significance. Here is a sample:

"That Gregory King's law is based on a secure foundation is shown by every trust and combination formed to maintain prices by restricting production, and its operation is clearly seen when a rail mill that has lain idle shares in the profits from rails which it has had no part in producing."

There is nothing in this that controverts the doctrine of differential costs; on the contrary, it is entirely consistent with it. It is not true that all trusts are formed to maintain prices or that they do maintain prices; for, as he admits, "prices for trust and combination products have fallen," and he might have added, have fallen more than the average of non-trust-made products. The reason trust-made products have fallen, notwithstanding that they supply a manifold greater demand than ever existed at the earlier and higher prices, is because, through economy of methods and management, they diminish the cost per unit.

Nor is there anything peculiar in the idle rail mills to one who understands the economics of business. If there are ten factories under one management, and by economies or improvements that are introduced into some of them, the market can be supplied by working eight out of the ten, it is actual economy to let two be idle. But the capitals invested in the idle mills are a part of the general investment, just as much as would be an idle machine in one of the factories that are working. The profit, if there be any, of course, covers all the capital invested in the idle machines as well as in those that are working. It is only a question whether the product can be supplied at a lower unit cost by

working eight or by working the whole ten factories. If it can, exactly what any sensible business man would do would be to close the surplus two.

When Mr. Davis was traffic manager of that *new western* railroad, with say a thousand cars, would he insist upon having them all drawn over the road when the freight could be carried in seven or eight hundred of them? Yet the profit of the road would have to cover the capital invested in the two hundred idle cars just as much as that invested in the eight hundred cars that were in use. The cost of running a railroad does not mean merely the cost of those particular cars that are kept in use, but the total cost of used and unused cars and other expenses of the entire system. So it is with trusts that have a large number of factories under one management. The rail factories are not kept idle merely to restrict the supply and send up the price, because no such thing is done. When they are idle, if good judgment is used, it is simply because the market can be supplied at a lower unit of cost without than with them. Indeed, that is the way inferior factories and machinery go into disuse.

Again, he says "that the cotton grown in 1892 and 1893 cost less per pound than did that grown in 1888 and 1889, although it has sold for 30 per cent less, is too absurd for belief, as the yield per acre differed little if any." Why is it too absurd for belief? The absurdity consists rather in regarding it as absurd. One might as well contend that the unit cost of producing wool can only vary with a change in the cost per head of raising sheep. But this would only be true if the sheep were raised entirely for the wool. If, however, sheep are raised primarily for the mutton, with wool as a by-product, or for wool, with mutton as a by-product, the cost of raising wool would fall with every rise in the value of mutton and *vice versa* without any change whatever in the cost per head of raising sheep. The same is true of cotton. Cotton-seed oil has become a rapidly increasing by-product of the cotton crop. To the

extent that the income from cotton-seed increases, the cost per unit of raising cotton fibre is diminished without any change in the cost per acre of raising the crop. The best proof of this lower unit cost is that cotton growers are as prosperous with the low price as they previously were with the higher. Indeed, if this were not so, cotton growers would all have been bankrupt long ago and the industry obliterated, because, with the exception of the war period, the price of cotton has been downward from the beginning of the century, as the following table clearly shows, which nothing but a diminution of the cost of production per unit could make possible :

YEAR.	QUALITY.	PRICE PER POUND.
1801.....	Middling Uplands	\$ .36
1810.....	" "	.30 $\frac{1}{2}$
1820.....	" "	.23
1830.....	" "	.13 $\frac{3}{4}$
1840.....	" "	.12
1850.....	" "	.14
1860.....	" "	.12 $\frac{1}{2}$
1870.....	" "	.19 $\frac{7}{8}$
1880.....	" "	.13 $\frac{7}{8}$
1890.....	" "	.11 $\frac{1}{4}$
1891.....	" "	.10
1892.....	" "	.08 $\frac{7}{16}$
1893.....	" "	.08 to \$ .07 $\frac{13}{16}$
1894.....	" "	.08 $\frac{1}{16}$ in Jan. to \$ .07 $\frac{9}{16}$ in Mar.

In order to furnish some astonishing data, Mr. Davis deserts official statistics and tells of his own speculative experience, to the effect that in 1889-1890 he bought corn at \$.10 a bushel, and by holding it over "until May, 1891, realized from \$.50 to \$.65 a bushel for it, or five and six times the price of eighteen months earlier and three and four times the unit cost." There is nothing inconsistent with the doctrine of differential cost in the fact that a portion of the crop of a low-price year should sell very much above its own cost of production when held over until a subsequent high-price year. The held-over corn might be a portion of the least expensive part of the previous year's

crop, and being held over it could be sold at a price determined by another crop the cost of the dearest portion of which might be more than double its own cost. But it would require almost a famine to make the cost "five or six times" that of the previous year. But, unfortunately for Mr. Davis, no such phenomenon occurred in 1890-1891. There doubtless were people in some parts of the country who managed to get corn without paying anything for it, but such transactions come under another head than economics. If Mr. Davis bought corn at \$.10 a bushel in 1889 he must have been practicing the "smart-one" on some impecunious neighbor. For, according to the agricultural reports, which, with all due respect, must be preferred to his isolated speculation, the price of corn in 1889 was \$.283 a bushel. In 1890 it was \$.50, and in 1891 it was not \$.50 to \$.65, as Mr. Davis asserts, but only \$.406 a bushel. If he can buy corn at \$.10 a bushel when other people have to pay \$.28, and can sell it at \$.65 when other people can get only \$.40, he can easily get a million dollars for the information of how it's done.

He then quotes the following from our article:

"In 1800 the average price of beef was \$.047 per pound; in 1883 it was \$.142 per pound, an increase of 202 per cent. Mutton was \$.056 per pound in 1800 and \$.153 in 1883, an increase of 173 per cent. Butter was \$.185 per pound in 1800 and \$.325 in 1883, an increase of 75 per cent; while sugar in 1800 was \$.187 per pound and only \$.094 in 1883, a reduction of 50 per cent, and it is still lower now. No one acquainted with price phenomena will seriously pretend that the rise of over 200 per cent in the price of beef, 173 per cent in the price of mutton and 75 per cent in the price of butter is due to a permanent under-supply of beef, mutton and butter during this period, and that the fall of 50 per cent in the price of sugar is due to an over-supply."

Remarking on the above, he says: "Were the alleged advances verities, it is doubtful if anyone would contend that such advances were due to a defect in the supply that every well-informed person knows has not obtained over long periods. But is it a fact that the alleged advances occur?"

It will be seen that Mr. Davis admits that if the price of beef and mutton have risen, his theory falls. Now, our

authority for these facts is Carroll D. Wright. They are taken from pages 454, 455, 456 and 457 of the Massachusetts Labor Report for 1885, which contains 364 pages of statistics of wages and prices for 131 years from 1752 to 1883. Moreover, this is one of the most exhaustive and thoroughly reliable investigations of wages and prices, and covers the longest period, ever made in this country, and by our most competent and impartial statistician. It is safe to say that the American public and economists everywhere will accept Carroll D. Wright's figures in preference to the guessing of Mr. Davis.

Without giving the source of his information, he says: "From 1801 to 1820 the price of beef and mutton in Massachusetts each averaged \$.08 per pound and butter \$.22." This does not agree with Colonel Wright's figures. According to the report referred to, in 1800 beef was \$.047 per pound; in 1810, \$.084; in 1820, \$.089; mutton was \$.056 in 1800; \$.074 in 1810; and \$.069 in 1820; an average of \$.069, and not \$.08; and butter was \$.185 in 1800, \$.203 in 1810, and \$.24 in 1820, an average of \$.209 instead of \$.22.

He then refers to the report of the Aldrich Senate Committee, of which, by the way, Carroll D. Wright was also secretary, as giving the price of butter in Boston, January, 1883, "at from \$.35 to \$.41 a pound, and six months later, still in the year 1883, at from \$.20 to \$.22 a pound, or about the average of the first twenty years of the century," and remarks, "these official figures are not in accord with the statements of the SOCIAL ECONOMIST." On the contrary, if not dishonestly twisted, these figures are in strict accord with our statement. The concluding part of the above sentence, "or about the average of the first twenty years of the century," is incorrect. It is only true of the \$.20 to \$.22, which was the lowest point butter touched during the year. Taking his own figures for the whole of 1883, the average is about \$.30 cents per pound, or 32 per cent above the average of the first twenty years of

the century. But why quote against us the average of the first twenty years of the century when our statement was based on the price in 1800 and 1883, especially as the official report gave the average price for 1800, 1810, 1820, but did not give the average for the twenty years. In 1800 the price of butter was \$.185 per pound. Thus from the average of his own figures, which are less reliable than the average given by Colonel Wright, the price of butter has increased about 62 per cent during the century, which is entirely consistent with our statement as based upon the unjuggled figures of the official report.

Indeed, there is nothing in the report of the Aldrich committee that conflicts with Carroll D. Wright's earlier statistics. But if Mr. Davis's statements were all as straight as they are kinky, they would in no wise invalidate our point that the price of beef, mutton and butter have greatly risen during the century, while the prices of sugar, cotton, iron and other products have greatly fallen, which both the Senate report and the Massachusetts report and everybody's experience demonstrates.

Now since all reliable statistics demonstrate that some farm prices have actually and permanently risen during the century, and since Mr. Davis admits that no one would contend "that such advances were due to a defect in the supply that every well-informed person knows has not obtained over long periods," it is obvious that the supply and demand theory utterly failed to explain the prices, and hence Mr. Davis's contention falls worthless to the ground. The equally obvious fact that the price of manufactured products has permanently fallen is just as unaccountable on the "supply and demand" theory, for no one in his senses will contend that there has been such a continuous over-supply of these things.

On the other hand, the theory of differential cost easily explains both the rise in the prices of these farm products and the fall in the prices of manufactured commodities. The farm products have risen because the cost

of production per unit has increased more through the rise of wages than it has been diminished through improved appliances; and the price of manufactures has fallen because the cost of production per unit has been diminished through the use of improved machinery more than it has been increased by the rise of wages. Indeed, to pretend to explain the contrary movement of prices on the "supply and demand" theory involves the absurdity of assuming that the producers of beef, mutton and butter are making from 100 to 200 per cent profits while the producers of manufactured products generally are losing from 25 to 75 per cent, an absurdity in comparison with which Coxey populism is wisdom itself.

The further statement "that the price of labor rises and falls as the supply is relatively small or great," is known to every person who has employed masses of men, only emphasizes the limit of Mr. Davis's knowledge of the subject. As we have frequently pointed out, this neither is nor ever was true in any permanent sense regarding wages. But on the contrary, wages have for centuries moved in direct opposition to this superficial formula.

These are but a few samples of the columns upon columns of uneconomic vagaries to which the New York *Sun* is being committed by Mr. Davis. In its Sunday issue of March 26 another batch was furnished in a three-column editorial on "Machinery and Industrial Depressions," in which it joined the ignorant clamor of socialists, anarchists, single-taxers and populists against the use of improved machinery, ridiculing the idea that inventions contribute "to the progress of the race and the march of improvement." After enumerating a long list of industries, such as cotton, leather, lace, watches, wood working, printing, telegraphy, railroading, ocean traffic, metal working, horseshoeing, agriculture, etc., in which improved machinery has been most effective in cheapening products and injuring the people, and showing "what a frightful condition would now be that of the wage earners of all

"lands" if these inventions had been equally used in India, China and Japan, he says:

"When we contemplate the possibility of such conditions, we can heartily commend the wisdom of the Chinese ruler who, legend hath it, caused all the farm machinery in the empire to be destroyed, and its reconstruction prohibited upon pain of death."

As if this were not enough to complete the circle of absurdities, on Sunday, May 6th, he emerges with a four-column article on Malthusianism, proclaiming that the human race is doomed to greater and greater poverty because of its incapacity to increase production as fast as it multiplies the population. And, he says, "Population does tend to increase and does increase in a geometric ratio. Primary forms of food do not increase in any ratio whatever." Thus, in one article, all the calamities of society are due to the fact that, through improved machinery, productive power has been too rapidly increased. And in the next, the human race is hurrying to perdition, because it is unable to increase production as fast as it multiplies population.

Of course, neither of these contradictory positions contains enough common sense to entitle it to be taken seriously. Everybody knows that improved machinery is not impoverishing but is steadily enriching the countries that use it. And everybody with a modicum of information knows that the capacity to feed the human race was never so great as to-day. The only thing to be taken seriously in reference to Mr. Davis's articles is that the New York *Sun* should editorially be the victim of such confusing, contradictory, and for the most part, mischievous fallacies on important public questions.

## Disaster of Low Politics.

Would not efficient political and legislative action, on the part of either or both our political parties, have averted the financial crisis of 1893 and the existing industrial depression in the United States? We do not believe that financial crises must return periodically, merely because a certain measure of time has elapsed since the last crisis.

Social and financial cataclysms are not necessary to bring health and power of another kind, as tempests of rain, wind and lightning are essential to recuperate vegetation. They are of the nature of social diseases and not social restoratives, and among diseases they rank with smallpox, yellow fever and cholera. No community ever had reason to ascribe any great improvement in human conditions to a financial crisis as its cause. The utmost advantage to be hoped for is to learn from it how we may avoid a return of the calamity.

In the SOCIAL ECONOMIST for May we undertook to demonstrate that the financial crisis of 1892-93 and the existing industrial depression were proximately and efficiently caused by the free-trade threat embodied in the results of the election of 1892. This carries us back to the previous question, What caused the election of Cleveland in 1892, along with majorities in both houses of Congress pledged to overthrow protection. It may be that it was the intervention of the Populist vote between the usual Democratic and Republican votes. The Populist vote in the Southern States came off from a Democratic vote so large that its withdrawal produced no disaster among office-holders of that party. In the Northern States it came chiefly from the Republican column, into either the Populist or the Democratic. All this, though true, is only the surface truth. There is the still previous question, How came the Populist party to spring into numerical strength sufficient to poll a million votes at this time. If it did not have a wise plan, what is the exact value of its popular impulse? How came the Democratic party, which has

been on all sides of the tariff question, to nail the free trade flag to its mast for the first time confidently and boldly, for this campaign? The country was never so prosperous. Why then were discontent and accusation strong cries? And when they were raised, how came forty-five per cent of the votes of the people to be cast for a free foreign invasion of their own markets? And how came one-twelfth of the popular vote to be cast for the vagaries and dreams of Populism?

By this route we get back to the condition of the popular mind in 1892 as being particularly misled, frivolous, uninformed and contemptuous of serious problems. The condition pervaded all parties and took on protean shapes. The press generally admitted it by descending from all pretense of instruction and argument to pictures, personalities, trivialities and avowed contempt for all principles. The means employed by party managers to get votes, by candidates to get nominated, by newspapers to get readers, like the low level of Coney Island bunco steerers, all implied contempt for the intelligence of their patrons.

There need be no scruple about avowing that the means most lavishly used and most extensively relied upon by the managers of both parties was the brutal, debauching, fatuous farce of buying votes with money in all close districts. In a period in which a President boldly buys the enactment of a tariff law with patronage, it is not to be supposed that our American Hodge or Snooks will refuse a "five" and vote for nothing. The national and State campaign committees expended very little money in honorable campaign work; most of the leaflets and pamphlets on both sides were sold at a fair price instead of being given away by the organized "leagues" which published them. Nearly all the speakers, and perhaps all who were of any note, spoke nearly at their own expense, irrespective of whether they were candidates or not. Expert speakers and popular orators were not in demand. The Republicans

exhibited an oratorical "shoeblack" from Ohio who could not have cost much, and the Democrats furnished Northern audiences for Southern speakers who had put an end to their own occupation at the South by the shot-gun policy. For after all, where speech only on one side is permitted, it is not likely to be listened to by many persons.

The committees despised arguments and openly avowed their respect for nothing but purchase, intrigue and a low order of nationality humbug. "Can you talk Slav to the Hungarian Jews or to the Poles or Czeeks, or Italian to the Sicilians?" was the inquiry made of those who were willing to aid in a campaign of education. "Do you understand the Lutheran School question in Illinois?"

It may be true that against these indications of degradation in the tone of political endeavor are others which in part offset them. All men read so much, and the general diffusion of intelligence places most men so nearly on the same level that it is no longer possible for the average orator to be very instructive to a moderately well-read audience. They have read all he can say, put in rather better shape than he puts it. Perhaps also they have read the answer to it. As he proceeds with his speech, many of his hearers feel disposed to regard most of his points as venerable "chestnuts," sophisms, truisms, or half truths. The increasing intelligence of an audience may be carried so far as to relegate the orator into retirement.

It may well be claimed, too, that the adoption of registration laws with such rapidity and unanimity by both parties, in so many widely separated States, proves a strong desire on the part of by far the larger majority of the people that all voting shall be honest, and that the actual payment of money, when made, is rarely made to induce men to vote against their party principles or convictions, but to induce them to vote on the side in which they believe, and for which they would always vote if they voted at all, whether with or without pay.

Nevertheless, it is greatly to be regretted that astute party managers should believe it to be shrewd to squander such vast means in the apparent purchase of unwilling voters. The reputed sums expended are so vast as to make republics more costly than royalty. Whether they do not get the votes they buy, or would get them if they did not buy them, hardly lessens the degradation of the habit. It is a familiar fact that in one district the buyers of votes cornered all the small bills in all the banks, stores, etc., on election day, and by that trick bought, for \$2 each, votes for which their adversaries could only pay in \$10 and \$20 bills. By such practices the party managers sowed far and wide the fatal poison of distrust in their honor and principles, in a way which no protestations of virtue could undo. In such a race the party which is really most virtuous will suffer most. That to which such practices are habitual will have no good name left to lose.

The Republican party did much to earn its own defeat in 1892 by being too content with its past, and not wide-awake to present needs. The merit of having given a title to wages to four millions of slaves at the South is a great one, but its sufficiency unto the day is not perennial. As a party it had duties to perform toward twenty millions of white and free wage-workers throughout the land. Emancipation is partly an affair of law, but more largely of pay. The work of political education, when carried just far enough to make a wage-worker a protectionist, must not be stopped through any fear that he will become a trade unionist. The party that stands for protecting American workmen against the products of foreign labor should not halt when asked to consider the grinding effects of unrestrained American competition between wage-workers. It should meet boldly the question whether wage-workers are hindered or aided by the subsidized importation of new foreign competitors and customers.

The Republican party was born to a heritage of progressive policies. It cannot afford to cease to believe in

population as a source of wealth or in man as the object of society. It cannot center around a class, clique or cabal and say, "These are they that own me." It cannot go over to Malthusianism and say, "We have too many workers. A black death is needed to raise wages." It is bound to know that the more numerous the millions to be provided for, the greater is the excess of sustenance for all, the less the need of abstinence by any, the more abundant and equal the distribution of consumable wealth to each, and hence that prosperity, hope and perpetual youth and vigor are with the party that intelligently champions the welfare of the laboring masses. This is to be done by maintaining industrial organization, improving all the processes of industry, keeping everybody profitably employed, causing and compelling all men to live generously, joyously, largely, broadly and hopefully. We must have no mean policies toward labor, either in the line of grinding its wages down to any foreign level, diminishing the supply of the coin and currency in which they are paid, tightening hours of labor until they become a war of the employer against the laborer's physical welfare, or thwarting the freedom of laborers to mass the aggregate supply of their labor through trade organizations in a manner to lift them as nearly as possible into equality with the employer in fixing the terms of the wage contract.

The little finger of the employing manufacturer should not be more potential in the councils of a party that purposes to be loyal to duty, than whole platoons and brigades of the workmen whom he employs. The Republican party shrinks and winces as if hurt when the manufacturer makes campaign donations to both parties equally, or to the free-trade party alone. It should not. It should know that the Judases who carry the sack are not all dead. Such an one values the contracts he can get from the winning party more than the principles professed by the losing one. They should only take pains to see that such are not honored as Nestors in guiding the councils of the party

they pay to defeat. The manufacturing contributors generally preferred a policy of corruption and purchase to a campaign of education and argument. This is not new. Men who owe their fame and power to buying and selling goods, easily transfer their mercantile faculty to votes. They are not trained in guiding opinion in any other way than by purchase.

It is not to these that the strength of the protectionist conviction among Americans is due. On the contrary, the men throughout the United States who have most honored and aided the protectionist cause are those to whom it has stood for a simple and evident conviction of duty and theory of patriotism, untarnished by any taint of large business profit. The Republican party has been more oppressed than helped by the burden of the rich men it has carried, too many of whom have been riding free. Many of the votes cast against it by those who complained of the plutocrats in the saddle meant "no more free rides on this jackass." The party became weak wherever manufacturers were numerous and powerful. It was strong chiefly in those rural districts which were free from the odium engendered by dominating selfishness and avarice. Hence the manufacturing classes themselves are largely responsible for the growth of the monstrous delusion that a protective tariff is a mode of oppression to labor. They were not all sordid and illiberal in promoting educational work. But too many of them could not conceal their inherent assumption that they were the recipients of plunder. They rather prided themselves upon their frankness in preferring to buy voters outright rather than, as they chose pharisaically to phrase it, to corrupt public instructors with bribes or cheat the people by fallacies. Being ill-grounded in the protective doctrine as a truth, they accepted its profits as stealings, because they had the power, and declined to induce any to defend on principle what they shrewdly grasped without faith or scruple. To overcome the odium thus brought on the protectionist

cause by the men of wealth whom the general prosperity engendered by the tariff has made, requires all the influence and fair fame derivable from the many good and true men who have made the tariff. The good and great memories of America's disinterested protectionists will never perish. From Hamilton through Clay and the Careys, down to Greeley, Thaddeus Stephens, Etheridge, Morrill, Kelley, Blaine, and the theoretical protectionists of later influence, Reed, McKinley, Frye and Hale, they present an intellectual phalanx which has always had the solidity that comes only of conscience and wisdom. No cause they advocate can even be soiled by the quality of the interested myrmidons who render it a stench through their narrow personal greed.

The third formidable error of both the Republican and Democratic parties consists in having lacked the financial courage and statesmanship to supply the people with a rational substitute for our improvised system of war currency, even when nearly thirty years had elapsed after the war ended. The stability of our internal commerce needs a credit currency legally redeemable in coin. It is not enough that the limitations on its volume, and the good credit of the government, raise it to a par with coin. Coin of gold and silver should have moved daily to all points in performance of its proper duty of redeeming the paper note. It should have the quality of elasticity and convertibility by virtue of the assets on which it is issued, irrespective of any credit of the government. It should be issuable in any volume for which borrowers are ready to offer good commercial bills and notes. These features distinguish a currency created by the wants of trade, and must always be deficient in one which owes its origin wholly to the wants of government. Had the Republican party, when it approached the so-called resumption of specie payments in 1879, put forward a banking policy adequate to the wants of the country, involving a retirement of the war issue of government notes and a substitution of bank notes,

centering in a bank of the United States to insure the redemption in coin, these results, tending directly to render such a crisis as that of 1893-94 impossible, would have occurred:

First. Gold and silver would have been actively utilized in effecting the daily coin redemption required in such a system, and the vastly increased work found for both to do would have arrested and prevented in advance much of the tendency toward non-use of silver which has actually ensued.

Second. The free issue of bank notes in the West and South, subject to no other test than their daily redemption in coin, and to no other strictures as to their volume than the ability of borrowers to give good security for their repayment in coin, and in redeemable banknotes, would have imparted an elasticity and flexibility to the currency which would have kept rates of interest in the South and West satisfactory to the country merchants and to the farmers. These being able to borrow all the money they would need at their home banks, no popular hatred to banks would have been engendered. No ten, twelve or twenty per cent rates of interest would have come into vogue. No Farmers' Alliance and Populist parties would have sprung into existence, with theories of a two per cent rate of interest, to be attained through the everlasting distribution of greenbacks in exchange for an interconvertible bond bearing two per cent interest.

Third. The public mind would have been so pre-occupied with the discussion, led by the intelligence and enterprise of the North, Northwest and Pacific States, of the merits of a bank of the United States, working in connection with a system of free national State and private banks held to their work of redemption by the Federal Bank, that it would not have been mired in a slough of tariff reform ignorance and malice, led by the memories of the Confederate rebellion and the asininitiies of northern dough-face stolidity, incapacity and density.

Fourth. Under these circumstances there would have been no relapse of the country generally into its present crawling and maggotty manifestations of infinitesimal Coxey leadership, and no pilgrimages of cranks and beggars assuming to instruct Congress. All this creeping of corpuscular incapacity out of organization into chaos is due to a movement of the national life out of its whole into its atoms. There would have been no breaking up of national policies into nomadic chimeras and individual crankism if national parties had been equal to their opportunities. Hence disintegrating policies, like free trade, free silver coinage at a time when silver bullion is at half its coin value, "free ships" when that shibboleth is made a cover under which to destroy our coasting trade, and the like, would not have won their little hour of disastrous triumph. The country may as well understand now that if these disintegrating and disrupting tendencies are to go on increasing in their intensity as they have recently done, a condition of social and civil war is near at hand.

To avert such national degradation, statesmanship, in one party or the other, of a broader and deeper kind than any now at the front must rise to the surface. The Democratic party must aim at some higher ideal than merely getting the offices and converting their own backs into a Confederate saddle. The Republican party must arrive at some more courageous policy than that of standing, like Simon Stylites on his lonely pillar, and pointing with outstretched arm at its glorious record of war for the Union, emancipation of slaves, and paying off the debt, until it is paralyzed from excess of retrospection. If it leaves the wages question to the Populists and the currency question to the Farmers' Alliance, then out of this despised Nazareth of morbid finance and diseased economics will come the party of the future. It is not too late for the Republican party to find out how lamentably, and in how many respects, it has taken on fossil conditions and ceased to learn new things. It is in its power to fold up its wad of

ill-distributed bank notes, close its dark-lantern booths for buying voters, relegate to back seats the small-fry corruptionists who have brought contempt on its arguments, order its mean, rich manufacturers to get down from its band wagon, as their presence is odious, send them and their divided contributions wholly to the other side, and again go to the country, as it did in 1854 to 1860, as the party of progress for the working masses. To do this its foremost principles must again be those of the greatest good to the greatest number, which in the present condition of industry means simply "the highest wages to wage-workers" and the highest, amplest, most compensatory standard of life for all.

This is the new gospel of true American policy. It is more Democratic than Democracy. It is more Republican than Republicanism. It is more social than socialism. It should be more popular than Populism. Either the three parties would have to be regenerated to get down to it.

The danger now is, not that the Republican party will not win in any coming elections. Its overwhelming success at all points is assured as soon as the people get any opportunity to vote on a national scale. The real danger is that the Republican party will accept its now certain return to power as an indorsement of the methods and errors which helped on its defeat in 1892. Such a blunder would be Bourbon in its blindness. It would delay the coming of the brighter day. If its return to power is to be the signal for an outburst at once of popular joy and of industrial relief, it must show its capacity both to learn and to forget. It must establish a perfect telephonic communication between the capitol where it reigns and rules, and the simple home and heart of every toiler in the land. All must know not only that the now stagnant and rusting wheels are again moving, and the furnace fires are ablaze as never before, but that their ruddy light glows upon soot-begrimed and stalwart muscles whose genuine friends are in power.

## The London Times on Eight Hours.

The London *Times* has always been one of the rock-ribbed and immovable obstacles to the growth of a sound public sentiment on the question of the moral right of the working masses to judge for themselves what should be the length of the working day. The attitude of the wage-workers is that man is of more value than profits, and that on a question affecting the bodily and mental welfare of three-fourths of society, the three-fourths are the proper judges of what will conduce most to their welfare. From their point of view, therefore, it is not essential to the justice of the eight-hour movement that the Salford demonstration should turn out to be universally true. If it were true that wage-workers generally could not do as much work in eight hours as in ten, the wisdom of the eight-hour movement would still stand. It does not rest, any more than the abolition of slavery, serfdom, sweating, coolieism, or contract labor, for its moral sanction on its superior profitableness to the employing class.

It is, however, a confirmation of its social wisdom when we find its opponents, among whom the London *Times* stands at the head, waking up to the fact that they have been mistaken in that which has constituted their only ground of hostility, viz., that it sacrifices the profits of employers. It was the workers themselves who, centuries ago, discovered that overwork defeats its own object. They embodied this truth in hundreds of homely aphorisms, such as "All work and no play makes Jack a dull boy," "The bow that is always bent has no spring," "The candle that burns at both ends is soon gone," "He that makes his back broad will find plenty willing to ride," "The more you do, the more you may do." When a man's work takes on faults of dullness or stupidity because he is overworking, it is usual to say that it "smells of the lamp," *i. e.*, it stinks. When he strains for speed in a manner that leads to mistakes, even the Latins, twenty centuries

ago, advised him *festina lente*, to make haste slowly. The wage-workers cut this down into "The more haste, the less speed." When millions of working men thus combine to frame their working creed into maxims, which are the most imperishable of truths, any adjustment of society in conflict with them must require constant readjustment. This is just what has been going on in the labor world.

The French Ministry has just been beaten on a question involving its opposition to the eight-hour day. At all points the question is coming into more respectful recognition. In this point of view the following comments by the London *Times* on the Mather experiment are like the visit of Nicodemus to Jesus at night. They indicate that light is breaking even on the most reluctant, and on those who are slowest to learn. They are nearly as important as the Salford test itself. It says (March 29th):

"Everyone who has given any thought to the eight-hours question must have deplored the unscientific manner in which the discussion is conducted, and the total absence of the careful experiments which alone can furnish data for a reasonable conclusion. Thanks to the public spirit of Mr. William Mather, M. P., we are now in possession of the results of an experiment made with great care, upon an adequate scale. . . . It is very satisfactory to find that, in face of this disadvantage, the forty-eight hours week has been entirely successful. On wages alone there is a fractional increase in proportion to turnover, measured in money. Compared with the ratio of the preceding six years, there is an increase in the ratio for the experimental year of 0.4 per cent. But this loss is exactly balanced by economy in gas and electric lighting, wear and tear of machinery, fuel and lubricants, and miscellaneous stores. Crediting this economy to wages account, the ratio of wages to output remains entirely unaffected by the alteration in the hours of labor, while the fact that the money output has had to be earned by a somewhat increased amount of actual labor is an item to the credit of the forty-

eight hours week. It is hardly possible to put in a statistical form the way in which forty-eight hours' work becomes equal in practical efficiency to fifty-three hours' work. There is indeed a very marked diminution in the percentage of lost time, which is evidently due in part to a stricter discipline. But that stricter discipline becomes possible only through the abolition of the breakfast hour and the early work that rendered it necessary. The direct saving in time, though considerable, and carrying with it an indirect saving not easily given in a statistical form, does not account for the whole of the increased efficiency of the forty-eight hours. It is reasonable to suppose that the men, having breakfast at home before beginning their day's work, are both morally and physically better fitted to carry it through with energy and efficiency, as they are certainly less tempted to comfort themselves by an early visit to the public-house.

"We have never heard of anybody who thought long hours of work a good thing in itself. The difficulty in the minds of those who object to off-hand cutting down of the hours of labor has always lain in the unanswered question whether the industry of the country can afford what no one doubts is a boon. Shorter hours with reduced wages would be a very doubtful benefit to workmen. Shorter hours with no reduction in wages and no increase in efficiency of labor would simply lead to the transfer of orders to other countries, where English capital might, indeed, find remunerative employment, but where English workmen would scarcely be welcomed. The thing we all desired to see proved is just what Mr. Mather thinks he has proved, and seems to us to have proved, so far as one experiment, however carefully made, can prove anything. If, with wages at their present level and with hours reduced to forty-eight per week, English industry can maintain its position as against foreign competition, then everyone will rejoice to see the example at the Salford Iron Works extensively and indeed universally followed."

## Coxeyism and the Interest Question.

The speech that "Gen." Coxey would have made from the Capitol steps, had his treatment by the Washington police been more hospitable, would have been upon the subject of rates of interest. He would have assumed to show how they could be made low. Very few men are less competent to form an intelligent opinion on this point; nevertheless it is the one on which he tramps to show his earnest and aggressive impulses. It is the very one on which he has more opinions than upon any other subject, the only difficulty with his opinions being that they are not intelligent. It must not be assumed that he and the whole rank and file of the Populist army have not thought, and in their way read, talked, discussed and agitated the subject. That is just what the Farmers' Alliances and Populist clubs have been doing. They have thought more about it for a decade than all the rest of the people of the country put together. It is to magnify and exalt what the Populists call "the question of finance" that the train-stealing hordes of discharged "desert-claim" cowboys from the far West, unemployed skirmishers for a job from the East, and wandering minstrels of distress from the Central States, are marching on the capital.

Their minds are upon that subject as intelligently and as intensely as the minds of the crusaders of old were upon the capture of the Holy Sepulchre, or as those of the disciples of Mr. William Miller, half a century ago, were upon the end of the world. In the Populist platform of 1892, the idea which sets these people marching is thus expressed:

"We demand a national currency, safe, sound and flexible, issued by the general government only, a full legal tender for all debts, public or private, and that without the use of banking corporations; a just, equitable and efficient means of distribution direct to the people at a tax not to exceed two per cent per annum, to be provided as set forth in the sub-treasury plan of the Farmers' Alliance, or a better system; also by payments in discharge of its obligations for public improvements."

What these people believe can be done, is, that every man who desires to borrow money can be enabled to do so,

at two per cent interest per annum, on application at a federal sub-treasury to be located like the post-office in every town or county, and run by a federal officer. The form in which he is to obtain his loan will be that of government notes, of which the same platform says:

“We demand that the amount of circulating medium be speedily increased to not less than \$50 per capita.”

This is virtually a demand that the banks of the country of all kinds now loaning at six per cent be closed, and that the government take their place as the universal banker at two per cent. It is to take as security for the loans whatever it thinks proper to lend upon, the “collaterals” being a question of detail. The government notes it loans are to be at all times convertible into a bond bearing two per cent interest per annum, so that borrowers who have borrowed more money than they know how to invest at a profit may return the greenbacks to the government in exchange for the bonds and draw two per cent on their money until they need it for use. The theory is that no other lender will be able to charge more than two per cent interest so long as the government is ready to loan at two per cent. The argument that two per cent interest is as high a rate as money should bear is based on the fact that the great trust companies borrow at two per cent and nearly all the large banks borrow all their deposits without paying any interest whatever. This is the Populist mode of “abolishing interest,” as the progressive income tax is the Populist mode of abolishing profits, and the “single tax” is the similar mode of abolishing rent.

The two per cent theory as to interest, to be effected by an interconvertible bond, which has been taken up and made a propagandum by the Farmers' Alliance and a platform by the Populists, was originated by one Kellogg, the author of a book entitled “A New Economic System,” which appeared probably as early as 1858.

Mr. Kellogg was a sincere, but very untrained, self-made and illogical reasoner. He made out a strong case

against interest by rehearsing a great many calculations of the enormous burden which interest imposed upon labor, by always assuming that labor earned it all, without the aid of the capital on whose loan the interest is paid. This of course is a radical error at the start. Also that the interest receiver is a sort of wolf's den where all the tracks lead in and none come out. By assuming that the interest receiver never disburses interest in other forms of distribution, such as wages, food, clothing, etc., interest as a mode of distribution can be readily imagined to be a vast maw, Gorgon or Moloch, swallowing up all other forms of wealth and rendering back nothing.

Kellogg would take some small sum, say the sum which it cost Queen Isabella to fit out Columbus on his voyage of discovery, and show that if put at compound interest at six per cent without reimbursement or expenditure during the intervening four centuries, it would now amount not only to more wealth than all North and South America contain, but to more than all the wealth of the world. Such a thesis involves the same fallacy as Sir John Herschel's famous computation in the interests of the theory of Malthus, that the progeny of a single human pair, increasing only at the rate of one birth every year, and beginning at perhaps the building of Solomon's temple or the Exodus from Egypt, would now have amounted to a population which, standing each on the shoulders of the next below, would reach from the earth's surface up to the moon. These propositions have no more value in economics than the celebrated case of shoeing a horse at a penny for the first nail, twopence for the second, and squaring it to the thirty-second, have in blacksmithing. It never occurs to these valiant arithmetical economists that by simply estimating the natural increase in the number of one's ancestors by supposing each of them to have had two parents, we arrive almost as speedily at a period at which our forefathers could not have stood together on the planet without mounting on each other's shoulders and standing three deep, like the athletes in the circus.

Prof. Marshall (p. 621), in discussing loans to costermongers in the London markets, which are made at 10 per cent a day, says that "a farthing invested at ten per cent a day would amount to a billion pounds sterling at the end of a year." And yet this does not prove that this rate of interest is oppressive or is otherwise than beneficial to the costermonger and fair toward the person who lends him the money.

Elsewhere Prof. Marshall and others state the frequent or average profits of costermongers to be twenty per cent per day on the small capitals they employ, without which, however, their day would be wholly lost, at least in that business. If, therefore, the loan to a costermonger of two pounds enables him to buy the fruit for his day's sales, without which he would be idle, and if he thereby earns twenty per cent on forty shillings, he is the possessor at night of eight shillings, of which after paying ten per cent interest, four shillings, he still receives a compensation of four shillings for the day's work. But for the loan his day might have been an uncompensated day of idleness. Interest is usually a division of a value saved from sacrifice, or of an earning which, but for the loan, would not have been made.

Meanwhile, the degree of time, attention and local acquaintance with the trustworthiness, or otherwise, of costermongers, which is required to make the profitableness of such a business possible, is so great, so slowly acquired and so rare, that those who lend in it do not get more per diem as compensation for their time, service and money combined than about the equivalent of what they could obtain for equal time, attention and skill in similar grades of other business. Hence, though theoretically the loan of a farthing ought to expand in a year into a sum which the thirty richest men in the world could not pay with their combined fortunes, yet in fact the lenders at these rates usually average during the year an equal partnership with the borrowers per pound of capital loaned, and probably do

not get more than a fewfold the compensation per diem which the borrowers themselves are enabled to earn by means of these loans.

If loans to so irresponsible a class of customers should be made by governments of any kind, they would speedily degenerate into gifts and sheer robbery unless these impecunious borrowers should be found to be much better pay than their richer neighbors. The United States undertook to lend out among the people of the several States their respective quotas of the "surplus" which had accumulated in the treasury in 1830-33. Before it was all loaned out there was a sad deficit, and brokers were called upon to cash the President's salary certificates. But we believe no part of the intended "loan" has ever dribbled back into the treasury. So the government made a "loan" to help build the Pacific Railroad, and has never received so much as one cent of principal or interest.

There is really nothing about loans or interest to cause the humane to go into sackcloth and ashes, any more than in wages.

If we could suppose all wage-workers never to spend a dime for anything, the wage-workers would own all the wealth of the world in three years. The interest receivers would require eleven years. The neglected element in the interest argument is the fact that interest, like profits, rent and wages, is obtained for consumption in most cases, and speedily goes into the market with the basket on its arm or the purse in its hand in the purchase of all sorts of consumable commodities, or summons labor to extend the very works and plants by which labor itself is employed. In this next disbursement it may be wages. Hence, the coupon-cutters do not swallow up society in the way that such Peter the Hermits as Kellogg and Coxey figure that they ought to.

Kellogg's fusillade against interest is the Bible of the Farmers' Alliance. When published it attracted the friendly attention of Horace Greeley and Henry Carey

Baird. Indeed, Baird published it *con amore*, and often echoes its views. Later, Judge Kelley, of Philadelphia, and Joseph Medill, of the Chicago *Tribune*, listened to the song of the two per cent siren, at least for a time, only changing the rate of interest to one cent a day on a hundred dollars, or 3.65 per cent per annum. In this aspect Judge Kelley introduced an interconvertible bond bill into Congress, making sonorous speeches in its behalf, and the Chicago *Tribune* blossomed into praises of the deciduous fad. Numerous journals indorsed it. The Greenbackers always praised it.

So the two per cent interconvertible bond idea had a paternity before it was found among the bullrushes of Populism.

In every point of view the scheme is without merit. It is vitally at war with every tendency toward a secure and elastic system of money lending and low rates of interest. If the government notes to be issued under it should be made redeemable in coin, almost before the act could be passed there would be a run on the government for its coin which would break the treasury. Thereupon gold would go up to 200 premium at a jump, and might not stop until it reached 1,000. It would place our government notes about where the Confederate notes were at their worst, because the quantity in which Coxey's army could borrow notes would be infinitely beyond any known to Confederate, Argentine or "South Sea" finance. Moreover, the "interconvertible bond" idea would not act as a means of funding the legal tender notes in the manner claimed. Those who would want to borrow would be of the kind to whom two per cent interest per annum would be no attraction. Only the very heaviest lenders care even for a 3.60 per cent bond. No one can imagine business men investing in a two per cent bond. Hence, those who would need the currency would never need the bond, and those who would want the bond would never need the currency. They are as far apart as the cowboys of the ranches are

from the trust companies. No such phenomenon as interconvertibility or elasticity would accompany the measure.

Meanwhile, what our Populist dreamers need to learn is that the entire potency which society embodies of forces which tend toward reduction of rates of interest, is to be found in those very banks which the Populists make their chief target of reproach. In demanding a perpetuation of the government note issue, they are logically calling for the suppression of true and pure banking. They are preferring Barabbas to Christ. It is the greenback issue which staves off the day of sound banking and makes interest rates high. No bank can lend the government's note at so low a rate as it can lend its own. The perfection of industry and the cheapness of its product are attained in the degree that the power used in the industry comes without cost. Bank credit is more nearly a costless agent than any other medium which can be employed in exchanging goods.

To obtain costless bank credit as the means of effecting the exchanges we desire to effect, we must permit the banks to issue, loan, redeem and cancel their own notes, leaving the rate at which they shall do so to the freest possible competition.

"Gen." Coxey might as well hope to make meat cheap by closing all butcher-shops, as to make rates of interest low by closing all banks. Cheap money is one thing. The cheap use of money for a period of time is another. Money is cheap when it goes but a little way in the purchase of commodities, because its large volume has caused prices to rise. But one of the commodities which money has to purchase is interest itself, *i.e.*, the price of the use of money for a period. When commodities rise in money price, this particularmodity of interest may rise with the rest or not, according to two other facts, viz., the facilities which are afforded to lenders of money, and the general profits of trade.

## **Contributed.**

Correspondence on all economic and political topics is invited, but communications, either for private use or for publication, must bear the writer's full name and address, and requisite postage must be inclosed for return of manuscripts or answers to communications. The editor is responsible only for opinions expressed in unsigned articles, and reserves the right to criticise freely views presented in signed articles, whether invited or not. Typewritten manuscripts preferred.

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### **Importance of Hawaii and Samoa.**

Until 1886 Hawaii was nearer to the territory of the United States than to that of any other power, the distance to San Francisco being but 2,100 miles, while the British fortified port of Victoria, with its neighboring dockyard of Esquimault, and coal mines of Nahaimo, was 2,360 miles distant. The next nearest British port was Leonka, in the Fiji group, 2,700 miles distant in an opposite direction.

French territory was 2,380 miles distant at Tahiti; Germany held the Admiralty Islands, distant 3,400 miles; and Spain the Caroline Islands, 2,600 miles distant, and the Ladrones, about 2,900 miles distant.

Since that time Germany has moved up to a distance of 2,098 miles by annexing the Marshall Islands, and placing herself in a flanking position on both the South Pacific and trans-Pacific trade routes.

France, by the acquisition of the Low Archipelago and the Marquesas Islands, is 2,050 miles distant from Hawaii, on the South Pacific route. Great Britain has advanced from Fiji toward the intersecting point, on clearly-defined lines, annexing group after group, and detached islands, when they were on the line of approach, even though uninhabited or without harbors and of no commercial value, until in 1891 her flag was planted on Johnston Island, 600 miles from Hawaii and the nearest point she can approach to her American territory, unless the next move be the occupation of Hawaii itself.

In one year, 1888, British cruisers took possession of the Savage, Suwarrow and Phoenix groups, and Christmas and Fanning islands; and in 1892 the occupation of the Gilbert and Ellice groups, and Gardner and Danger islands, completed the covering of the South Pacific trade from Johnston Island to Australia. The only unannexed group on that line remaining is the Samoan Islands, and they are closely surrounded by British and French possessions.

It has not been a blind grab for territory which has been going on in the South Pacific for six years past, but a working out of strategical schemes, with definite ends in view; and the United States is the only great power interested in the Pacific trade which has not had the wisdom to acquire territory in localities where the great trade of the future will need guarding and supplying. Samoa and Hawaii have been ripe to our hands for years; they are most advantageously situated for our needs as bases from which our cruisers could work, in time of war, to protect our own trade and break up that of an enemy. The moral force of the United States is all that has kept European hands off those two groups to the present time; but should a strategic necessity for their occupation by either of those powers arise, moral force would lose its power, and we would have to be prepared *then* to fight for them or to retire at once from the absurd dog-in-the-manger position we have so long occupied.

To appreciate fully the question of ocean trade, it is well to observe the policy which Great Britain has consistently and successfully followed for generations in developing and supporting her commerce. Trade with India was established; then the route was guarded. When the Suez Canal was cut, a different disposition was needed, and they now have the complete chain of guard stations formed by Gibraltar, Malta, Cyprus, Egypt and Aden, the chain being continued to China by Ceylon, Penang, Singapore and Hong Kong. The route around the Cape of Good Hope and to Australia is covered by Sierra Leone, Ascension, St.

Helena, Cape Town, Natal, Zanzibar and Mauritius. To America the route is guarded by St. Johns, Halifax, Bermuda, Jamaica, St. Lucia, Barbadoes, Nassau, Belize and Demerara. The Falkland Islands, at the southern extremity of America, form a guard station for the trade passing around Cape Horn; and up to this point it is well to note that no station is further than 3,000 miles from the next on the trade route it is designed to protect; and cruisers patrolling the routes, as well as merchant vessels traversing them, need never be further removed than 1,500 miles from a base where supplies of coal and facilities for refitting are available.

At present, instead of the wide gaps in the British system of 3,000-mile stations which existed when the Falkland Island station was 7,900 miles from that at Vancouver and 6,700 miles from that at Fiji, which in turn was 4,800 miles from Vancouver, they have established the flag of the empire at Easter Island, 2,400 miles from the Falkland group, which is in turn 600 miles from newly-acquired Ducie Island, from where Pitcairn Island is 300 and the Cook group still farther, 1,800 miles, on a line toward Fiji. On the line from Fiji to Vancouver the gap has been shortened to 2,900 miles from Johnston Island to Vancouver, and all the immediate territory from Johnston Island to Fiji is under the British flag. Other stations are still needed, and British strategists make no secret of the assertion that, on the outbreak of war with a maritime power, a necessary first move, unless the Pacific trade were to be abandoned, would be the occupation and retention of Hawaii, Guadalupe Island, off the coast of Lower California, and one of the islands in the Bay of Panama, with a reliance on the friendship or fears of the South American states for depots at Callao and Valparaiso. As a matter of fact, they have such a depot at present in the harbor of Callao.

It is clear that sentiment has not hoisted the British flag over these isolated ports, which, to maintain in a state

of efficiency, are a source of great expense without any apparent return. Their coal depots, storehouses, repairing facilities, and, at salient points, batteries and garrisons, are provided by a business instinct purely, which recognizes that the trade which is the life-blood of the empire must be efficiently guarded; and centuries of experience have taught them the proper means to employ.

If there is a gap in the guard stations of the Pacific trade at present, or a salient point which should be possessed—and Hawaii is such a point—sentiment, which does not trouble our British friends, will not prevent their cruisers, under the direction of far-seeing statesmen, whose aim is to secure any and every advantage for British trade, from seizing and holding, when the time to them seems propitious, just what is thought necessary to strengthen the weak places in their trade route patrol.

The United States has the right to establish coal depots in Samoa and Hawaii, and at present small supplies exist at both places; but unprotected they are of no value, and Germany has equal rights in the former.

The concession, in 1887, of Pearl River in Hawaii to the United States, for use as a naval station, with exclusive privilege of establishing a dry dock, storehouses and repair shops, is a valuable one, but has never been utilized. The situation is admirable, and the estimated cost of necessary fortifications and harbor works is moderate in view of the great advantage to our nation.

Our position with regard to dry docks in the Pacific is peculiarly weak. Modern war vessels require docking at intervals, and a fleet, to maintain command of the sea, must have dry docks in which to make repairs and maintain the ships in a state of full efficiency as to speed. We have not one dock, outside the mainland of our country, which would be available for our ships in time of war; and on the entire Pacific coast have, at present, but one large and one small dock at the Mare Island Navy Yard and one building in Puget Sound, and our vessels in the Pacific

would have to return to them whenever docking was requisite.

Great Britain, on the contrary, has made ample provision in this respect. Bordering on the Pacific she has government dry docks at Esquimault, Brisbane, Sydney, Melbourne and Hong Kong, while many private docks are available in the ports of Australia, New Zealand, Hong Kong, Singapore, Penang and India.

France has government dry docks in New Caledonia and Saigen, Cochin China. Holland has government dry docks, which would probably be available for Germany, in Saurabaya and Batavia; and Russia has two large ones in the southeast corner of Siberia, at Vladivostock. We must have additional docking facilities if we are to maintain either naval power or trade in the Pacific waters in time of war.

Coming now to the strategic advantages from coast defense point of view, no naval force can operate on a hostile coast without a friendly base within easy distance. Our Atlantic coast is faced by a line of foreign bases. England has strongly fortified Halifax, on our northeast border, and built government dry docks both there and at St. Johns. Six hundred and ninety miles from New York, and less than six hundred miles from the Carolina coast, she has, at great expense, fortified Bermuda, furnished it with the largest floating dry dock in the world, and supplied it with great stores of coal and shops for repair work; and all for the sole purpose of maintaining a base from which British naval forces could operate against the Atlantic coast of the United States. Jamaica and St. Lucia perform the same duty with regard to our Gulf coasts and the Isthmus transit; and it is a notable fact that the defenses of all these places have been extensively augmented since an Isthmus canal became a possibility of the near future.

France has St. Pierre and Miquelon on our northeast borders, with Guadeloupe, Martinique and Cayenne on the south coast. Spain has her bases in Cuba and Porto Rico;

the Dutch in Curacao, and the Danes in St. Thomas; and it is not improbable that either of the two latter may be available for a German base, should occasion arise.

Any power which has not such a naval base off our coast cannot make successful war upon the United States, a fact which was quickly appreciated by Italy during a late diplomatic incident; and an early move of the United States, in a war with either of the European powers possessing those bases, would have to be their capture and retention, if possible. If the United States held all the bases named, it would be practically free from attack on its Atlantic coast.

In the Pacific we now have the opportunity to secure our western coast by accepting possession of Hawaii as our most rational form of coast defense. With adequate fortifications on these islands, and a suitable naval force in the Pacific, our coast would be far more secure in time of war than it could be made by any expenditure for harbor defenses on the mainland alone.

Further, if our commercial interests are to predominate in the future in these waters, our fleet must predominate there also, and a properly proportionate fleet would be a sufficient guarantee that serious attack could not be made on this most important naval base.

The same is equally true of our entire Pacific coast, as with such a fleet, and bases at San Francisco, Hawaii and the entrance to the Nicaragua Canal, not only would our Pacific trade be secure, and that of any other power untenable, but our coast line would be equally secure, and American control of the canal, so far as the Pacific end of it is concerned, would be assured.

Excepting Hawaii, the only base for possible extensive naval operations against the Pacific States is the British station at Esquimault, which is susceptible of capture by a land expedition.

It must be distinctly understood that Hawaii cannot remain independent, supported by moral force. It is of

too great strategic value, and will assuredly meet the fate of all islands and isolated points of like value at the hands of either Great Britain, France or Germany, each of the two former having already once seized them (once in 1843 and once in 1849). Even if the United States were, by moral force, to preserve Hawaiian independence during time of peace, the islands would undoubtedly be seized by the first naval power with whom we went to war, and held by all the force it could muster, as a base from which to attack our western coast and gain control of the prospective canal.

For the United States to expend great sums on the local defense of San Francisco, in the shape of forts and harbor defense vessels, and leave Hawaii to become a base for operations against them, is a short-sighted and extravagant policy.

As Bermuda is a standing menace in front of our Atlantic coast, so will Hawaii become a similar one to our Pacific coast if we do not hold it as an essential part of our coast defense.

To make the advantage of Hawaii to this country from a naval standpoint clearer, I will devote a little space to some details of the question of coal and coaling stations.

The possession of unlimited coal is a great advantage to a nation, but in order to convert it into naval advantage it must be put on board of a ship of war. This is a simple thing with us so long as our naval vessels are in home ports; or, so long as we are at peace, wherever the ships may be. It is in time of war that the difficulties of making our naval strength felt, away from our own coasts, become apparent. Neutral ports will then be closed to our cruisers so far as supplying their coal necessities is concerned, for coal will be contraband of war as much as is other ammunition. Coaling in the open sea from supply ships is, up to the present time, an unsolved problem; and even if satisfactory mechanical arrangements be devised, the supply vessels must run the gauntlet of hostile cruisers for great distances. A certainty of finding the collier in

specified localities and at definite dates, which is almost impossible without naval stations, must also be established, as a failure to meet would result in leaving the cruiser helpless.

Wind is no longer a motive power for ships of war, and the days when a cruiser could keep the sea and do the work she was designed for, so long as her provisions and water held out, are gone. Coal is now the prime necessity, and unless our cruisers have points provided for them to which they can go with a certainty of finding a supply, they will, on the outbreak of war, have to be brought home to operate off our own coasts from the home bases of supply, or else be left powerless in neutral harbors until the close of the war.

The only other solution is to build cruisers of such size that they can carry their own coal, and remain at sea for long periods, independent of coal depots or supply vessels.

According to the published performances of our cruisers, the very best that has yet been done by one of them is the late voyage of the "Philadelphia," steaming from Callao to Honolulu, a distance of 5,200 miles, burning 703 tons of coal in eighteen days (or at the rate of twelve knots an hour, and 39 tons of coal a day, which gives a distance of 7.3 knots per ton of coal burned).

As this ship and all the others of her class (and we have a number of them) can carry only about one thousand tons of coal—in some cases less—she would have been powerless to reach any other port from Honolulu had she not been able to replenish her supply upon arrival.

It is not known that the cruisers of any foreign power have done so well; and it is a fact that, class for class, our cruisers carry more coal and steam better than do those of other nations; but it is also a fact that we need much greater coal-carrying capacity than we have at present, or else we must follow foreign example and establish coal depots.

England does not need a coal capacity in any of her

vessels greater than will enable them to traverse four or five thousand miles, as we have seen that her coal depots are planted along the trade routes at distances of about three thousand miles.

France, where she has important commercial interests, has similar depots; so have Germany, Holland and Spain.

Russia is nearly as badly off as is the United States, but she has the fortified depot of Vladivostock in Asiatic waters, and has lately acquired the use of French ports wherever she may need them. Even with these advantages she is furnishing herself with cruisers of great size, carrying over three thousand tons of coal.

We have neither the depots nor the cruisers of great coal endurance; and the most rational mode of strengthening this very apparent weakness would seem to be to obtain coal depots, as the English do, and to begin by accepting the most valuable one of Hawaii.

As an example on this point, no foreign-armored ships have a greater coal endurance than those of Italy, yet not one of those immense ships can steam over seven thousand miles without replenishing its supply, and some of them cannot do so well.

As the distance from Italy to the coast of the United States is practically about five thousand miles, they would have a very brief period of usefulness after arrival on our coasts, in the absence of the bases possessed by other European powers, and would have to rely on supply vessels over a long line of communication, which could be cut off by cruisers, in the absence of the most efficient patrol.

The same is quite true of the United States or any other power which undertakes a naval expedition without a base, as no number of batteries or battalions stationed on the mainland can secure the safety of the needed supplies while in transit, or the usefulness of a naval force at any distance from a home port.

The development of foreign commerce is one—perhaps the principal—argument advanced for the free trade

policy of the Democratic party. While not agreeing in this policy, I am willing to agree that ocean trade is an important source of prosperity to any nation. That of the Pacific is just opening on an era of activity, which will be vastly augmented on the completion of an Isthmus canal, and this trade belongs to the United States, if we are wise enough to secure it.

If the United States aim at commercial supremacy in the Pacific, its trade must have such assurances, and a first necessity is the acquisition of bases for the protectors. Not only Hawaii is needed, but Samoa (distant 2,260 miles), a station at the mouth of the canal (say 4,200 miles from Honolulu and 3,000 from San Francisco), and another at the Straits of Magellan (distant 4,000 miles from the Isthmus and 5,000 miles from Samoa); then a properly organized fleet, of sufficient size to keep the communications open between those bases, will hold the Pacific as an American ocean, dominated by American commercial enterprise, for all time.

WILLIAM F. DRAPER.

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#### The Ethics and Economics of Transportation.

Before Adam Smith taught that sympathy was one of the ruling motives for human conduct, but that selfishness was the dominant principle in the production, exchange and distribution of wealth, Lord Bacon had announced the ethics of British trade. "Let us," he exclaimed, "advance the commodities of our own kingdom, and employ our own countrymen before strangers."

"The economist cannot ignore ethics,"<sup>1</sup> but he commonly does. It is a standing wonder to certain economic scholars why American shipping cannot keep the sea, or, having lost its headway, cannot again gather it and distance pursuit. The wonder should be that they have half learned Adam Smith and forgot all that Bacon taught. "Sympathy and self-interest co-exist and are supple-

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<sup>1</sup> Arthur Burnham Woodford, *SOCIAL ECONOMIST*, May, p. 299.

mentary."<sup>2</sup> Exactly so; but who bears this in mind when the possibility of ever regaining our place on the ocean is up for consideration? Then the science which the economist professes is applied just as though all nations were but one; as if nations and national interests and sympathies did not exist, and only one motive could come into play. The notion is, that competition, appealing to enlightened selfishness, will rule transactions, and that one flag will have no preference over another. A greater mistake was never made. Freighting is like kissing; it goes by favor. What British merchant would put his cargo on a Russian ship? What French merchant would load a German steamer? What merchant of any foreign nation would prefer an American vessel to one of his own flag? When the freightage asked is the same, it is preference that wins the engagement. Economy neutralized, ethics carries the day, as it should.

It is because of the science in Bacon's philosophy that "maritime reciprocity," professedly a disregard of flag, an obliteration of nationality, is a misconception and delusion. Perfect reciprocity in shipping employment between two or more nations never existed. Yet it is upon this false footing that economists stand, who think American navigation needs no protection; that competition is all-sufficient as a force to make merchants, at home and abroad, freight American ships as freely as foreign. They allow nothing for the preference of shippers; nor do they reckon with the predilection of underwriters. The cargo chooses the ship. The flag of the cargo must have sympathy with the flag of the ship. Even the flag of the market may influence selection. The flag of the underwriter is often controlling. The motives and fancies of trade—the ethical side of traffic—is seldom acknowledged. Peter denied that the cock crowed, but his attention was otherwise directed.

It has recently been announced that "eight *Canadian vessels* are being loaded at Toledo with corn for direct

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<sup>2</sup> The same, p. 297.

carriage to Europe. The fleet will return for another cargo immediately, and about 3,000,000 bushels in all will be transferred by it in the course of the spring. In the early summer it is expected about 5,000,000 bushels of wheat will be taken to Europe in the same way." What is the reason a fleet of American vessels was not sought for this transportation? Hundreds of vessels on the lakes are idle and freights extremely low. Sentiment settled the question of flag—ethics ruled. American, French or German vessels were not in demand for *British cargoes* to be covered by British underwriters. The navigation of the St. Lawrence river route has only to be sufficiently improved to make it possible for "deep water" steamers from British ports to visit Chicago and Duluth, to transfer to the British flag the carriage of the grain and provisions to British markets that now finds its way by American vessels and canal or rail to New York and other Atlantic ports from the northwest.

It has been mooted in the SOCIAL ECONOMIST that some day in the future our transcontinental railways would be driven to put on their own lines of ocean steamers. So they might be, if American merchants owned the cargoes to be sent across the ocean to different countries of Europe. But American cargoes afloat are few and far between. We have lost our merchants as well as our shipping. American enterprise at sea—the employment of capital and labor—has had no protection for sixty-five years past. A slippery hillside of free trade to climb, every nation and flag doing its utmost to cope with our merchants and ship-owners and sweep their commerce and navigation away, foreign governments pouring out money like water that their subjects may vanquish our helpless and undefended citizens—all these things have done their work. Foreign nations transact our trade, do our navigation for us, engross our insurance, control our banking, dictate some of our legislation, are striving to own the country; and these evils are due originally to ignoring the verity, that in

dealing with foreign nations free trade is folly. A half truth is little better than a flight of fancy. Economics without ethics is a will-o'-the-wisp. Every nation must look to means of its own, and not of others, to support its marine: to its own mechanics to build its ships; to its own seamen to man them; to its own merchants to freight them, and to its own underwriters to insure hulls and cargoes. Looking otherwise, it will fail to find.

Transcontinental railways are but carriers. They have no control of cargoes beyond their sea-coast terminals. Our government has given them no power to win foreign patronage; that is the work of protection. The foreigner will freight our ships if he is induced or compelled to, but under free trade—maritime reciprocity—he is at liberty to freight those of his own flag. That is what "reciprocity" is for. We may think it gives us foreign cargoes to carry, but where we can get one we may lose ten. This fact has been crystallized in history. Solomon has said, "There is nothing new under the sun." In his time, whosoever went to the well for water carried a vessel in which to bring it back. The water-carrier without a jug, the merchant in foreign trade without a ship, the maritime nation without merchants and shipping of its own, would surprise Solomon.

W. M. W. BATES,

Ex-Commissioner of Navigation.

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#### A One-Man Town.

An interesting contrast between the co-operative principle, upon which most municipalities are organized, and the one-man power, which rules in military organizations, is found in the coal-mining town of Thurber, in Texas, about seventy-five miles west of Fort Worth, on the Texas and Pacific Railroad.

Six years ago it was a wilderness, while to-day it is a prosperous mining town of about thirty-five hundred inhabitants, with a daily output of coal of about sixteen hundred tons and a monthly pay-roll by the Texas and Pacific

Coal Company of upward of \$50,000, or over \$600,000 per year.

This transformation is due to the individuality of one man, Col. R. D. Hunter, who, when coal was discovered in a section where heretofore no coal was known to exist, with indomitable energy and rare executive ability developed a new industry, the influence of which is felt for hundreds of miles around.

The most interesting feature of the town to a student of social economics is that every foot of ground, every building, and every pound, gallon, foot or yard of merchandise in the place is owned by the company; and the price at which the necessities and comforts of life can be procured is less than in co-operative communities where competition has full sway.

The company owns and runs: a dry goods store, with departments for clothing, hats and caps, boots and shoes, furniture and bedding, and a notion department which comprises everything from a needle up; a grocery store, which includes not only everything for human beings to eat and drink, but hay, grain and feed for animals; an abattoir, with refrigerating rooms attached; a meat, fish and vegetable market; a bakery with all modern improvements; a hardware store with a full stock of general hardware, cutlery, stoves, tinware and miners' supplies; a machine and blacksmith shop; a drug store with a stock of drugs, patent medicines and druggists' sundries, not forgetting the customary soda fountain; a barber shop; a hotel or dormitory with restaurant attached; numerous boarding houses owned by the company, but run by individuals for their own account; several hundred miners' cottages; a saloon, where all drinks demanded by the working classes are sold, but in which beer is the principal beverage; a livery stable; a hospital, with a resident physician and surgeon; two schoolhouses, one for white and one for colored children; three churches, one union, one Catholic, and one for colored people; a United States

post office; a reservoir and water works; a truck or vegetable farm; a stage line between Thurber and Hunter Station on the Texas and Pacific Railroad, two and one-half miles distant. The company owns thirty-three thousand acres of land, on which are ten miles of railroad track, with the necessary rolling stock.

The department of justice at Thurber consists of a justice of the peace, a marshal and a calaboose. The latter, however, seldom has a tenant, and no lawyer has yet found business enough to justify him in settling in the town. Really, however, the Grand Cadi is "the Colonel," to whom an appeal would be taken if "the Justice" should happen to make an unjust decision, and who is so well known, both for justness and firmness, that a decision of the Supreme Court of the United States would not be more quickly acquiesced in than a decision by "the Colonel."

Charles Dudley Warner tells a story about a Turkish cadi, who, when told that it was impossible to carry out his orders and hang a man in the doorway of a harem where he had been caught peeping, because, as the officers explained, the doorway was low and the man was too tall, said : "Go catch a short man and hang him in the doorway—justice must be done ! "

The Colonel is not that kind of a cadi, but it is said here that any order he gives is very apt to be carried out.

The place is so healthy (annual death rate averaging 4 per 1,000) that the doctor would be in much the same position as a lawyer, were it not for the casualties naturally connected with a mining business.

While Colonel Hunter, as president of the coal company, runs it on business principles to make money, he believes with Solomon that

"There is that scattereth, yet increaseth ;  
And there is that withholdeth more than is meet,  
Yet it tendeth to poverty."

All the employees of the company are paid in cash on the third Saturday of every month, and are required to pay cash for articles purchased from the company.

The company buys all its supplies for cash, in the largest quantities, and consequently much cheaper than a number of retail merchants buying in small quantities, perhaps on credit, could possibly do, and the expenses of distribution are also much less. These advantages are fairly divided between the employees and the company.

The settled policy is to sell the necessities of life at the lowest possible price, so as to make Thurber the cheapest possible place for a laboring man to live.

Specimen prices taken at random during my visit (March, 1894) were:

Best roller patent flour.....	\$3.70 per barrel.
Corn, per bushel.....	.46
Granulated sugar.....	.05 per pound.
Porterhouse steaks.....	.10 " "
Roasting pieces.....	.08 " "
Mutton .....	.08 " "
Chickens.....	.30 a pair.
Eggs.....	.10 per dozen.
Raisins, California loose Muscatels.....	.05 per pound.
Zante currants.....	.04 " "
Canned Alaska salmon.....	2 cans for 25 cents.
Cotton prints.....	5 to 8 cts. per yard.
Overalls.....	.90 to \$1.25 per pair.

Luxuries bear a somewhat higher margin of profit, but the purchasing of the company is done to such advantage, and the distribution is conducted so economically, a large business being concentrated in few hands and purchasers coming to the store and taking away their own goods, enables all goods to be sold at retail prices which are extraordinarily low as compared with retail prices elsewhere. Indeed, so far as food is concerned, western Texas stands pre-eminent for cheap supplies.

Four-room houses rent for four dollars per month; two-room houses for two dollars and a half per month. Food, shelter and raiment, law and order, education and morals, the chief requisites of mankind, are obtainable in the maximum at the minimum of cost in this "one-man town"; and if it isn't an Eden, it is because Nature doesn't make it a garden and there are no snakes.

Although miners in a new town are not provident as a class, many of them have saved considerable sums, and this is encouraged by the company, which receives even the smallest sums and deposits them as a distinct fund in bank at Fort Worth; and this already amounts to upward of ten thousand dollars.

It will be interesting to watch the development of this community. From an economic standpoint, the one-man or one-company direction has manifest advantages over a "town meeting" management. It remains to be seen, however, how the social side of the community will develop as time passes. But it would seem that the same able and progressive management which has assured economic success, might equally well provide for the social development of the community.

It has been quick to recognize the necessity of schools and churches, and has assisted in providing for them. Disorderly characters, male or female, are not allowed in the town, and where any have by chance crept in, they have been summarily expelled—a thing which would be impossible in an ordinary town, but here every lease can be terminated on seven days' notice; a clause forbids the harboring of disorderly characters, and hence people must behave themselves or get out.

Thus, in health, morals and economy of living, this "one-man town" embodies advantages far superior to the average community. It has been the policy of Col. Hunter to surround himself with able assistants, and these are so thoroughly imbued with his own views and spirit, that the same policy would doubtless continue if he were to die tomorrow. He is a giant in strength, however, as well as in intellect, and is likely to live many years to see the fruition and development of the business and community which he has established.

F. B. THURBER.

## Editorial Crucible.

AS AT PRESENT constituted, the Democratic party appears to be losing all truly Democratic characteristics. In the South it now represents mediævalism and mob law; in the West, fiat money, free silver and populism; in the East, slum ignorance, political and social snobbery and English middle-class economics. It seems to have neither economic principles, political integrity nor national patriotism.

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THE "EIGHT HOUR movement" has now come to the front in France, and for the first time in the history of that country has become the subject of a cabinet crisis. The refusal to allow government employees to attend labor meetings, and the failure to indorse an eight-hour bill for miners, has caused the overthrow of the cabinet. A movement that has acquired such proportions cannot long be ignored by successful statesmen in any country.

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THE SUGGESTION by the Earl of Meath, in the *Nineteenth Century* for May, that Indian princes have seats in the House of Lords, is one pointer among many which have been appearing for twenty years past, indicating that the want of some logical reconstruction of the British government is becoming felt by all classes. From all of the colonies come petitions for federation, with the right to elect members to the Imperial House of Commons. That body would be so greatly strengthened in every way if members sat in it from India, Australia, Canada, Jamaica, the Cape, Tasmania, and New Zealand, that it is matter of surprise that the English people are so slow in getting about it. Earl Meath's proposition to make the House of Lords more representative of the empire is less important than the imperialization of the House of Commons. The representatives of thirty-five millions of people assuming

to bear sway over two hundred and twenty millions is a remnant of mediævalism. The Queen has more Mohammedan subjects than are under the Sultan of Turkey, probably three times as many black subjects as Africa contains of negroes, and far more Brahman than Christian worshippers.

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THE CONFERENCE between the miners and the coal operators at Cleveland failed in its main object, that of terminating the pending strike on the part of 200,000 bituminous coal miners, on whose product a very large proportion of American industries depend for fuel. At the end of the conference a difference of fourteen cents a ton in the price for mining held the two parties apart, and the contest goes on. Its indirect effects are seen in the fact that the New York Central has a coal supply for only thirty days and the Lake Shore for only ten days, and both are very busy refitting their bituminous coal locomotives with anthracite coal furnaces. Many factories, furnaces and mills will have to shut down if the strike continues until their present supply is gone. A resort to Nova Scotia bituminous coal would nearly double the cost of fuel, and the material would be too inferior to be satisfactory. English coal companies are canvassing in our markets with small results, as few of the larger consumers of coal have any fear that the strike will continue until English coal would get here. This state of things crowds the industries of the country daily nearer to a danger line of the exact quality of which we have yet had no experience.

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IT IS PROPOSED to establish a national school of electricity in Chicago, under the auspices of Edison and other eminent electricians. The prospectus announcing it declares that more than \$500,000,000 are employed in electrical pursuits, and that this capital is being increased by about \$100,000,000 annually. The electrical headlight is displacing the old oil headlight in front of the locomotive,

as it throws its rays from half to three-quarters of a mile ahead instead of merely a few rods. Meanwhile Alex. Graham Bell is devoting his summer at Bar Harbor to experiments in facilitating sight at long distances by electricity, in analogy to the manner in which electricity now facilitates hearing at long range. A distinct set of law reports has become necessary for bringing into convenient form for use by lawyers all the decisions of the courts bearing upon questions of electrical law, and a special class of lawyers is necessary to try the causes that arise under electrical law. M. Berthelot, of Paris, in an address to the *Chambre Syndicale des Produits Chimiques* in that city recently, unfolded a plan for using the central heat and thermo-electric energy of the earth by sinking shafts to a depth of 4,000 meters, and bringing up electric power to the surface as water is brought from wells.

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THE NEW YORK *Tribune*, upon the election of Cleveland, adopted the policy of calling upon the Democratic party to pass the most thoroughly free-trade bill it knew how to draw, and of recommending protectionists to bow to the mistaken verdict of the people. Had it been very thoroughly grounded in protectionist doctrine, it would have encouraged protectionists to meet apparent defeat with persistent fortitude, and to fight against a free-trade bill until there was not an ounce of powder or ball left to fight with, and not a gun unspiked. The average impulses of the Republican party have caused it to make a better fight than the *Tribune* advised. The kind of a bill which the *Tribune* assumed should be passed without resistance, in order to afford the country a fair test of the free-trade principle, could not have differed greatly from the Wilson bill. Yet the *Tribune* now thinks that "where American sentiment, coming from American hearts and spoken by American lips, finds any utterance, there is one unbroken chorus of loathing and abhorrence for this Wilson bill, for the men who begot it and the men who are its godfathers

in baptism." What does the chorus say on behalf of the professed organ of protection which for months recommended that protectionists allow the passage of such a bill as would give free trade a fair trial?

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ALTHOUGH THE balance of exports of merchandise over imports for ten months past is \$228,002,962, and for four months past it is \$59,343,083, a condition which ought to bring gold into the country, our gold is going abroad at the average rate of \$5,000,000 per week; within twenty-two months our net exports of gold have been \$29,631,046. Our so-called Treasury reserve, notwithstanding the reluctant deposit by the New York bankers of \$50,000,000 of gold in the Treasury, is again about down to the eighty-three-million mark which Congress was called together nearly a year ago to remedy. The meaning of this is that for some mysterious reason it is costing the United States an increasing permanent debt of \$50,000,000 a year to do things as they are now being done. No silver is being purchased, but the bond issue or public debt is increasing faster than when we were storing up the white metal. Our prices on nearly all competing products are so low that this country is about as cheap a market as there is in the world to buy in. We are sending wool, steel rails and bar iron to Canada, and prices are still going down. Foreigners seem to be sending some sort of securities over here to balance our large excess of exports, or this would compel a return of gold. The circumstances are anomalous, and somewhat in defiance of the views of the class of economists who tell the President what to do.

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THE BOLD ANNOUNCEMENT by the Philadelphia and New York press of bribery in the United States Senate and White House by the Sugar Trust has very properly produced a national sensation. That such a thing should be possible in the Republic makes every patriotic American blush for his country. But in condemning this disgraceful

conduct, we should put our emphasis at the right place. Why did the Sugar Trust resort to bribery? Was it because it wanted to distribute a million dollars among Mr. Cleveland and his friends? Of course not; it was because that seemed the only way of saving its property from destruction at the hands of a fanatical and economically ignorant administration. Only those for whom history has no lessons will expect men conducting large industries, involving millions, to stand meekly by and see their property stricken down without putting forth some effort to save it. And they will use such methods as are most effective with least cost and risk. They will coax and contribute to campaign funds, if that will do; bribe if necessary, and fight if they must. Moreover, a party which will sacrifice national prosperity to narrow sectional prejudice, and arrays itself against the leading industries of the country for mere partisan purposes, may naturally be regarded as approachable. We repeat, this is a scandal to the Republic, and if there is any means within the power of the Senate to punish the guilty it should be done. At the same time, it should not be forgotten that the short-sighted, self-willed policy of the present administration is at bottom responsible for the disgrace. A policy putting the prosperity of the nation above party interests and sectional prejudice, would have avoided both the panic and the scandal.

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THE SERIOUS outbreak of smallpox in Chicago and other cities of the West is said to have been proven by evidence gathered by the health officials of those cities, and especially of Chicago, to be largely due to the "sweating system," if not for its origin, at least for the persistence with which it hangs on and for its wide extent. "Persons suffering with the disease either assist in making clothing, or occupy the rooms where it is made, and germs of the malady are thus carried everywhere by the infected garments."

This is not the first, second, or third instance in which the scourge of epidemic diseases has been found to be one of the modes of punishment for "man's inhumanity to man." The yellow fever originated in the horrors of the middle passage, on board the slave ships, on their way to Havana, Mobile and Charleston. Wherever the bilge water of such a ship was dumped in a port the fever would break out—an avenging Nemesis for trying to get labor without wages. In India the outbreaks of cholera, originally known to the natives as "British cholera," are only the overflow in epidemic form of a national malady due partly to the exposure of vast numbers of unburied dead during the great famines, and partly to the tax of 32*d.* per pennyworth on salt, which induces a habit among the peasant Hindoos of eating a kind of fetid mud mixed with salt which underlies their soil. In Russia the expulsion of the Jews, who were the money-lenders to the small farmers or freed serfs, has promoted outbreaks of cholera by inducing the consumption of inferior qualities of food. In New Orleans the burial of the dead in ovens built above ground, because the ground itself was supposed to be too moist for burial, has placed the remains of the dead where their ultimate place of sepulture was the lungs of the living, into which they were borne from the burial ovens. This has been found to be a cause directly associated with epidemic disease.

## Economics in the Magazines.

Under this head we only call attention to the articles, in the current magazines, on social and economic questions, giving the point of view or method of treatment and other items that will serve as a guide for readers and students.

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BANKING.—*Our Village Bank*, by Henry W. Wolff, in *Westminster Review* for May. Sketch of a small German affair in which the savings of local depositors are successfully loaned to local borrowers, so as to supersede the usurer and pawnbroker.

BRAIN WORK.—*Historical Industries*, by James Schouler, in *The Yale Review*. A charming article based on Mr. Hubert Howe Bancroft's "Literary Industries." Mr. Schouler does not sympathize with colossal organized history writing, but regards it as virtually creating a new class of literary barons and historical organizers and monopolists with whom individual workers cannot compete. He suspects also that what the work gains in magnitude it must lose in accuracy and in just perspective.

BRIBERY.—*Corporations and the Legislature*, by Henry C. White, in *The Yale Review* for May. The writer discusses the prevalence of bribery in the dealings of corporations with legislatures, on the assumption that its existence is both undoubted and extensive, and that much of it arises through the blackmailing spirit of venal legislators who will assail and plunder any corporation which refuses to pay them. The author points out and condemns the tendency of corporate managers to justify bribery on the pretense that it is in self-defense.

COAL.—*The Profits of Coal Pits*, by G. C. Bidder, Q.C., in *Nineteenth Century* for May. An argument that the weekly cost of the colliery, irrespective of the quantity of coal raised, is so great that wages cannot be adjusted according to the price of coal, but must depend on the

tonnage raised. It is impossible to pay a fair week's wage when only a fraction of the week is worked.

CULTIVATION.—*The Origin of Cultivation*, by Grant Allen in *The Fortnightly* for May. Advocates the very singular notion that cultivation of the ground, *i. e.*, clearing the soil from adverse and competing growths, so that specific seeds of food plants may monopolize the powers of the soil, originated among savages in the observed effects of burying the dead, together with a small supply of the fruits and foods they were accustomed to feed upon.

EIGHT HOURS.—*The Mines (Eight Hours) Bill*, by D. A. Thomas, M.P., in *The Fortnightly Review*, May. The bill which Lord Rosebery has agreed to facilitate the discussion of, and in a qualified way support, forbids that any employee be employed in any mine longer than eight hours in any one day "from the time of his leaving the surface of the ground until his ascent thereto," or, as it is called, "from bank to bank." This would reduce the working time to from six to six and one-half hours. A similar bill is before the House of Commons to limit labor in the service of local authorities and railway companies to eight hours, on the ground that it will lessen the excess of unemployed and adjust the demand for labor to the supply.

FARMING.—*Agricultural Depression*, by E. Le Riche, in *Westminster Review* for May, 1894. Holds that even in England the remedy for unprofitable farming is to till larger farms. He regards bounty and duties on corn, or, as he calls it, "corn tax," as being "respectable by reason of hoary antiquity, but as obsolete and as impossible as a coat of mail."

FARMING.—*The Condition of the Southern Farmer*, by Frederick W. Moore, of the Vanderbilt University, Nashville, Tenn., in *The Yale Review* for May. Shows that the credit system in the South is costly and defective (a point which has been much dwelt upon by the SOCIAL ECONOMIST

in its articles on banking). The South does not encumber its farms, but for that reason often works them without the capital essential to work them profitably.

GOLD.—*Black Friday*, by Horace White, in *The Yale Review*, May. A more circumstantial, interesting, minute, and, we think, accurate account of the Black Friday conspiracy and resulting panic than has ever before been published.

GOLD.—*The Appreciation of Gold*, by Robert Barclay (Director of the Manchester Chamber of Commerce), in *The Fortnightly Review* for May, 1894. Holds that the gradual demonetization of silver which has been going on since the Latin Union mints were closed to its free coinage, has led to the fall of silver in relation to gold.

IRRIGATION.—*Nile Reservoirs and Philae*, by Sir Benjamin Baker, K.C.M.G., in the *Nineteenth Century* for May, 1894. A description of the irrigation situation in Egypt.

MORTGAGE.—*A Decade of Mortgages*, by G. K. Holmes, in *Annals of the American Academy* for May. Mr. Holmes, special agent of the Eleventh Census in charge of the mortgage statistics department, presents the results of the census investigation for thirty-three States, with the conclusion that where there is most prosperity there is the largest ratio of mortgage debt to total value of property, and that most mortgages arise through a desire of the mortgagor to handle more capital, as an enterpriser in real estate, than he owns. This desire is most active where real estate owning is most profitable. Hence the ratio of mortgage debt to real estate values is proportionate to the profits to be made in holding real estate, which in turn is proportionate to the general prosperity of the community. "Considerably more than half of the mortgage debt of the United States encumbers the real estate of Illinois, Massachusetts, New York, Ohio, and Pennsylvania, the great urban and industrial states of the Union, and in each of these States there is a geographical concentration. In

New York, for instance, seventy-eight per cent of the debt is in the six counties containing the cities of Albany, Brooklyn, Buffalo, New York, Rochester and Syracuse. Twenty millions of people in the entire South owe less than half as much mortgage debt as less than two millions of people in New York City." To have made this article satisfactory, and to avoid false impressions, it should have compared mortgage debt with total values of property in all these localities, as well as with the number of persons. It is the ratio of debt to value that has most economic significance.

PANICS.—*Causes of Panics and How to Avoid Them.* S. H. Terry, in *Banking Law Journal* for May.

*The Outlook for Improvement in Business.* J. Edward Simmons in same.

Mr. Terry agrees with Kellogg and other opponents of interest in regarding the actual earnings of capital invested in property as less than the current rates of interest, which, if true, would make periodical disaster necessary.

Mr. Simmons attributes the panic to silver purchases.

RAILWAYS.—*Has the Inter-state Commerce Law been Beneficial?* by Aldace F. Walker, in *Forum* for April. Holds that the law has had little or no good effects.

SOCIALISM.—*A Socialist in a Corner,* by W. H. Mallock, in *The Fortnightly Review* for May. A reply to Mr. Shaw's defense of socialism.

## Among the Books.

*Political Economy for American Youth.* By JACOB HARRIS PATTON, Ph.D. New York: A. Lovell & Co. pp. 297.

The book is of the convenient size for school use. It is protectionist, and free from socialistic vagaries. Its general statements of economic theory are good, though not sharply up to date in all respects. On page 171 Dr. Patton errs in speaking of coined silver generally, *i. e.*, of standard silver dollars, as being legal tender only to the extent of ten dollars. Standard silver dollars are legal tender to an unlimited amount and have always been in the United States, as standard silver marks also are in Germany, and francs in France. It is only in subsidiary silver coins (*i. e.*, halves, quarters, dimes, etc.), that there is any limitation on the legal tender quality of our American silver coins. The restriction relates to its free coinage, not to its status as legal tender. The general impressions produced on the young student's mind by this book will be fairly accurate, though slightly crude in many particulars. But this is, perhaps, incident to the effort to state social complexities in so small compass.

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*A Cityless and Countryless World. An Outline of Practical Co-operative Individualism.* By HENRY OLERICH. Published by Gilmore & Olerich, Holstein, Iowa. 1893. pp. 447.

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*Stephen Remarx. The Story of a Venture in Ethics.* By JAMES ADDERLY. New York: E. P. Dutton & Co. 1894. pp. 150.

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*Ai; A Social Vision.* By Charles S. Daniel. Boston: Arena Publishing Company. 1894. pp. 296.

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Here are three books which are fair samples of much that is now being passed off for social economic literature. The chief thing the authors of these books prove, is that

they know little or nothing about the subject of which they write. They show a striking unfamiliarity with the history and character of the evolution of modern institutions, but are overflowing with certainty regarding the facts of an ideal society in which nobody lives. They are weak installments of sentimental socialism. As discussions of economic and social problems, they are worse than worthless, because they not only fail to give any valuable information on the subject, but they tend to stimulate all the latent lunacy in the community. That such books can find readers is the most serious fact connected with their publication.

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*The English Peasant.* Studies Historical, Local, and Biographic. By RICHARD HEATH. New York: Century Co.

English peasant life in the middle ages has been frequently dwelt upon, and sometimes idealized, by historians, but the life and conditions of English agricultural laborers of the present century have received very scant attention.

With the rapid growth of commercial England, agriculture as an industry was practically submerged, and the poor peasant almost entirely forgotten, when the pride of England passed from her landowners to her "merchant princes." The enlargement of foreign trade, rather than the growth of home consumption and improvement of the social life of the English laborers, so completely dominated English public thought and policy, that only manufacturing conditions have received public attention. So completely have the agricultural interests been segregated from the manufacturing, that the social conditions of agricultural laborers is a sealed book to the great bulk of the intelligent English public.

The organized laborers of Lancashire and London are as uninformed of the social life, modes of labor, rates of wages, and other industrial conditions of agricultural laborers, as they are of those of the Soudra of India, or of the communal peasants of central Russia. They hardly

know of their existence, and if the laborers of Cambridgeshire should migrate to Lancashire they would be called foreigners. On this account Mr. Heath's book on the English peasant is a much-needed contribution to the meagre literature of agricultural wage conditions. It is not an economic treatise, but is chiefly made up of quasi-economic monographs previously published in current periodicals. On this account it is fragmentary, and lacks a cohesive continuity of thought. Nevertheless, it contains enough of omitted industrial history to give it real importance.

One of the worst features of English agricultural life is the gang system. This is a system which exists in no other country, nor has anything equal to it for brutality and degradation been developed.<sup>1</sup> With the exception of brief mention by Thorold Rogers,<sup>2</sup> the gang system has been so completely ignored by English writers that public men, and even statisticians and leading trade unionists, do not know of its existence, although the gang district is less than a hundred miles from London, and within a hundred and fifty miles of Lancashire. Only last year a prominent economic writer who accompanied the president of the Amalgamated Engineers, as a commission sent by the British government on the subject of immigration into the United States, and who in 1892 published a book discussing English labor conditions, admitted that he had not heard of the agricultural gang system. Fortunately, however, our author has traveled through the Fen countries and learned of the gang system. If his book contained nothing but his chapter on Fen-land and Fen-men, in which he exposes, though quite inadequately, the gang system, it would have been well worth publishing. Although Mr. Heath does not give a very full description of the worst features of the gang, he supplies enough evi-

<sup>1</sup> See article on "English Gang System," *SOCIAL ECONOMIST* (January, 1892), Vol. 2, page 163.

<sup>2</sup> "Six Centuries of Work and Wages," page 511.

dence to prove the existence of the abominable system. It is hoped it will at least be sufficient to call English public attention to the subject. The first fourteen chapters of the book are devoted to descriptions of the life of agricultural laborers in different sections or shires. They show how completely certain parts of the population of even a country like England can fall behind in the march of civilization by the segregation of industrial interests. They are to England what the late slave states were to America—a chunk of mediæval barbarism in the midst of eighteenth century civilization.

Under the heading of "Types of English Agricultural Life" are three chapters devoted to the biographical sketches of William Cobbett, John Clare and William Huntington, all of whom hailed from agricultural districts. The book concludes with a chapter on the "Poor Man's Gospel." This is an eloquent plea for the application of Christian principles to the elevation of the long-neglected agricultural laborers. There is a strong religious sentiment running through the book, which does not prevent Mr. Heath from being true to the facts of history, and devoted to purely human interests as well as to Christian sentiment.

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*Orations and Addresses of George William Curtis.* Edited by  
GEORGE ELIOT NORTON. New York: Harper & Brothers.  
1894. Vol. I., pp. 498. Vol. II., pp. 527.

These volumes have been awaited by a public that has long desired to place in the library the splendid and inspiring utterances of one of America's greatest and purest citizens. Whatever may be our opinion as to the conclusions at which Mr. Curtis arrived, however much we may differ with him as to policies, we can but admire and sympathize with him in his lofty motives and his unwavering fidelity to principle.

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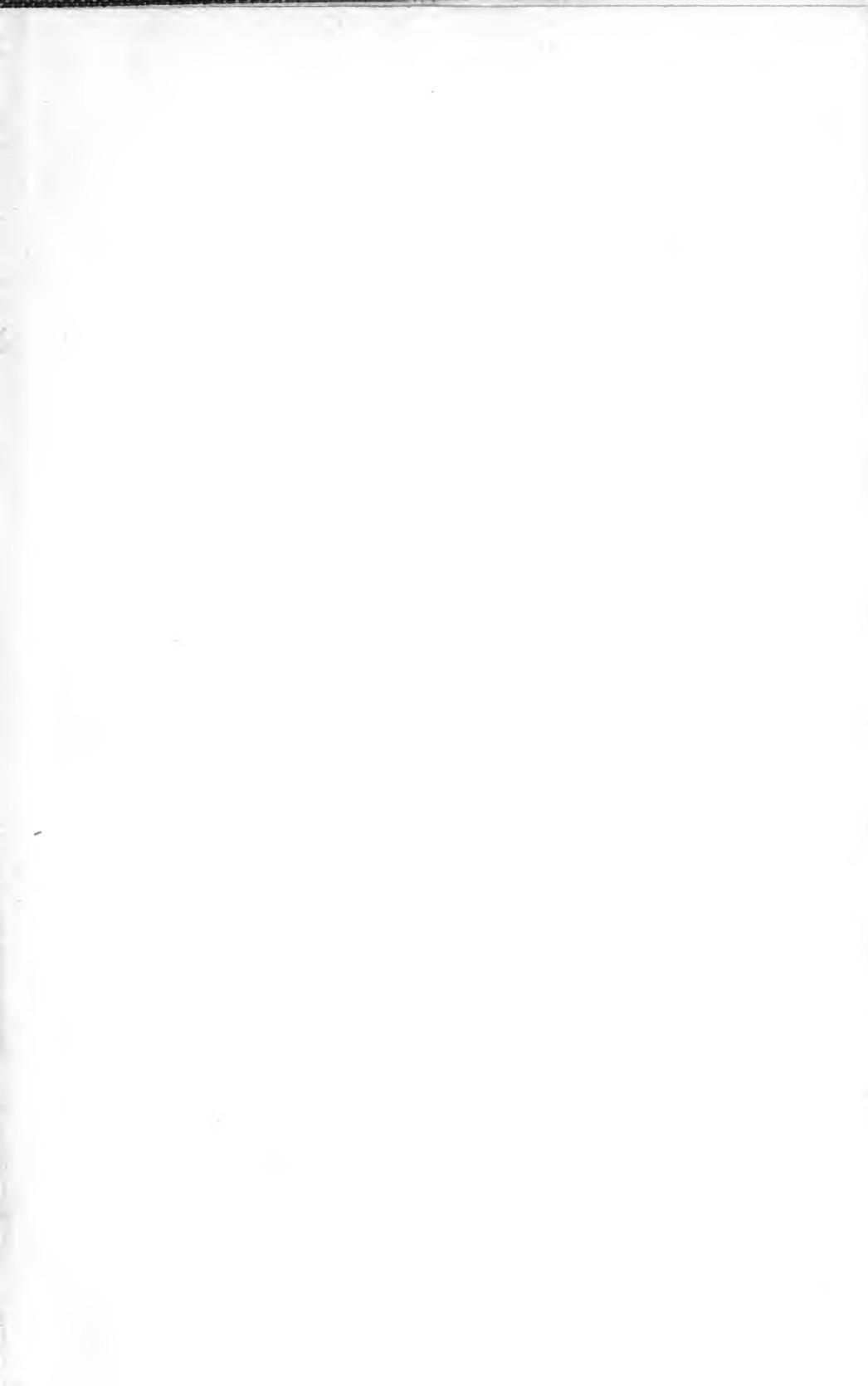
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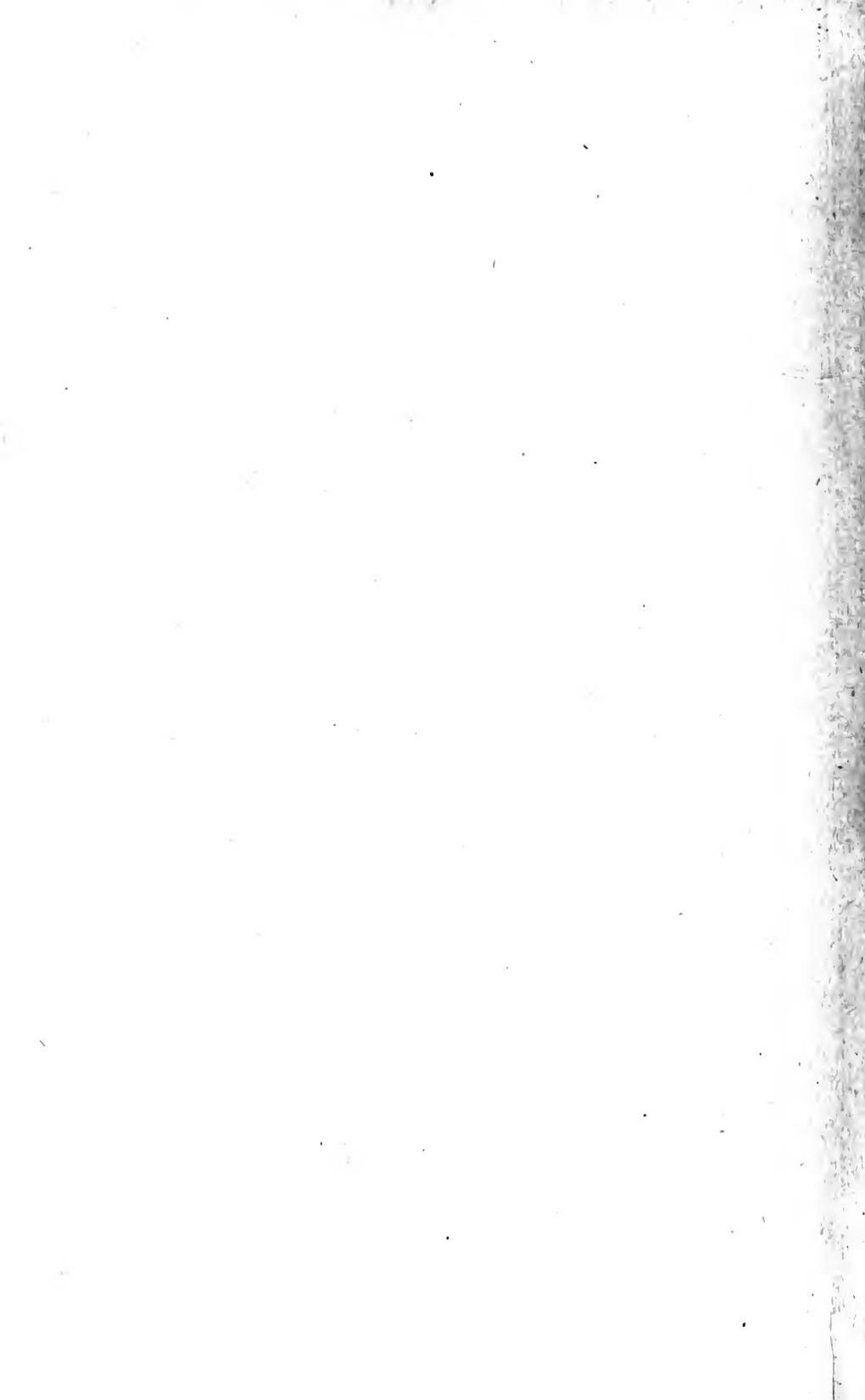
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